TENNESSEE

BASIC EDUCATION PROGRAM

2.0

HANDBOOK FOR COMPUTATION

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**TENNESSEE DEPARTMENT OF EDUCATION
OFFICE OF LOCAL FINANCE
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-0381**

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INTRODUCTION

The Tennessee Basic Education Program (BEP) formula is a cornerstone of the Education Improvement Act of 1992 (EIA). The formula consists of 45 components that have been deemed necessary for a school district to provide a basic level of education. In addition, it calculates the cost of providing this basic education to the students within the state and local education agencies. The formula represents a continuing effort to determine the most appropriate levels of funding and the proper components for the BEP. A variety of sources, including local, regional and national data on expenditures and staffing levels, provide information for specific funding levels.

This handbook provides documentation for the calculation of the costs associated with each of the formula's components, which are divided into three categories: instructional, classroom, and non-classroom components. The instructional components include areas of pupil contact and primarily represent teacher salaries and benefits. The classroom components include areas of classroom support. The non-classroom components include such categories as system support, transportation, maintenance/operations and capital outlay. On a statewide basis, the state funds 70 percent of the instructional category, 75 percent of the classroom category and 50 percent of the non-classroom category. However, each school district has different actual percentages of funding based on the district's ability to pay or fiscal capacity, an outcome of the Tennessee Supreme Court decision in a case often referred to as Small Schools, which required the state to revamp its education funding formula to provide substantially equal opportunities to all students in Tennessee.

The BEP Handbook is intended to provide a description of each component in the formula, as well as an explanation and example of how to calculate each component. School systems wishing to calculate the amount of funds generated by the formula for their districts will need to know specific information about student membership by grade and program, such as special education, students and miles transported and school enrollment. Information about salary, equalization, and cost differential factors for the current year is found in the appendix section.

It's important to note that the BEP is neither a spending plan nor a budget document. It is strictly a funding formula. Each school system has the flexibility in determining the most appropriate use of state funds to best meet the needs of the local system and applicable

requirements of state laws and regulations. The only earmark within the formula is on instructional and classroom funds. Funds generated by the instructional components of the formula must be spent on instruction. Funds generated by the classroom components must be spent in either instruction or other classroom areas.

Appendix E contains the step by step instructions for the calculation used by the Tennessee Department of Education in determining the BEP funding for each school system.

INSTRUCTIONAL COMPONENT (STATE SHARE = 70%)

REGULAR K-12 TEACHERS

All pupil/teacher ratios in kindergarten through Grade 12 are based upon average daily membership as provided for in the Education Improvement Act. The following ratios are used to calculate K – 12 teacher personnel allocations.

Grade Level	Funding Level	Average Class Size Requirement	Maximum Class Size
K-3	20:1	20	25
4-6	25:1	25	30
7-9	30:1	30	35
10-12	26.5:1	30	35

These pupil/teacher ratios generate the number of regular classroom teaching positions. A school may allow a class to exceed the average class requirement provided that each pupil in excess shall be off-set by a comparable number below the requirement within a grade level. For instance positions generated for the 4 – 6 grade level may be used for classes of varying size, but the maximum size allowed for any class in this grade level is 30. In addition, this grade level must not average more than 25.

The formula used to calculate K – 12 regular classroom teachers provides for rounding to the nearest ½ position. Planning time for K – 6 teachers is allowed by providing financial resources to employ elementary art, music and physical education teachers. K – 12 positions are calculated on a system wide basis using system wide grade level ADM.

FORMULA: Grade level ADM Divided by Funding Level = Positions

EXAMPLE:	219	Divided by	25	Equals	8.76	
	219	Divided by	25	Equals	9.00	Rounded
	215	Divided by	25	Equals	8.60	
	215	Divided by	25	Equals	8.50	Rounded

The method of providing for planning time for 7 – 12 teachers is multiplying the number of positions earned by 6/5's or 1.2. The formula used to calculate grades 7 – 12 regular classroom teachers also provides for rounding to the nearest ½ position.

FORMULA: Grade level ADM Divided by Funding Level Times 1.2 = Positions

Example:	1,578	Divided by	30	Equals	52.6	Times	1.2	Equals	63.1	
	1,578	Divided by	30	Equals	52.6	Times	1.2	Equals	63.0	Rounded
	495	Divided by	30	Equals	16.5	Times	1.2	Equals	19.8	
	495	Divided by	30	Equals	16.5	Times	1.2	Equals	20.0	Rounded

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

VOCATIONAL EDUCATION TEACHERS

All pupil/teacher ratios in vocational education are based upon the full time equivalent average daily membership (FTEADM) in vocational education classes as provided for in the Educational Improvement Act. The following ratio is used to calculate vocational education teacher allocations. Vocational education teaching positions are calculated on a system wide basis using system wide 7 – 12 vocational FTEADM.

Vocational Education Grades	Funding Level	Average Class Size Requirement	Maximum Class Size
7 – 12	20	20	25

This pupil/teacher ratio generates the number of vocational education teaching positions. A school may allow a class to exceed the average class requirement provided that each pupil in excess shall be off-set by a comparable number below the requirement within vocational education. Positions generated for vocational education may be used for classes of varying size, but the maximum size allowed for any class in vocational education is 25. Vocational education classes in a school must not average more than 20.

The formula used to calculate vocational classroom teachers provides for rounding to the nearest ½ position. Planning time is provided for by multiplying the number of positions earned by 6/5's or 1.2.

FORMULA: FTEADM Divided by Funding Level Times 1.2 = Positions

EXAMPLE: 680 Divided by 20 Equals 34 Times 1.2 Equals 40.80
680 Divided by 20 Equals 34 Times 1.2 Equals 41.00 (Rounded)

435 Divided by 20 Equals 21.75 Times 1.2 Equals 26.10
435 Divided by 20 Equals 21.75 Times 1.2 Equals 26.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SPECIAL EDUCATION TEACHERS

Special Education teachers are determined by the number of special education pupils identified and served by option as presented in the following schedule. The formula is based on system totals and allows for rounding to the nearest ½ position.

Option 1	91	Option 6	2
Option 2	73	Option 7	10
Option 3	46	Option 8	6
Option 4	25	Option 9	0
Option 5	15	Option 10	10

See Appendix F for an explanation of the Special Education options.

FORMULA: Option Identified & Served Divided by Funding Level = Positions

EXAMPLE: For Option 1
515 Divided by 91 Equals 5.66
515 Divided by 91 Equals 5.50 (Rounded)

For Option 7
158 Divided by 10 Equals 15.80
158 Divided by 10 Equals 16.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

ENGLISH LANGUAGE LEARNER TEACHERS

English Language Learner teachers are calculated at a ratio of 1 per 30 pupils identified and served. Teacher positions are calculated on a system wide basis using system wide headcounts. The calculation is rounded to the nearest ½ position.

FORMULA: Identified and Served Divided by 30 = Positions

EXAMPLE: 432 Divided by 30 Equals 14.40
432 Divided by 30 Equals 14.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

ENGLISH LANGUAGE LEARNER TRANSLATORS

English Language Learner Translators are calculated at a ratio of 1 per 300 pupils identified and served. Translator positions are calculated on a system wide basis using system wide headcounts. The calculation is rounded to the nearest ½ position.

FORMULA: Identified and Served Divided by 300 = Positions

EXAMPLE: 1,098 Divided by 300 Equals 3.66
1,098 Divided by 300 Equals 3.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

PHYSICAL EDUCATION TEACHERS

Elementary Physical Education teachers are calculated at the ratio of 1 per 350 pupils in grades K – 4 rounded to the nearest ½ position and 1 per 265 pupils in grades 5 – 6 rounded to the nearest ½ position. Positions are calculated using system wide grade level ADM.

Elementary Physical Education	Ratio
Grades K – 4	350:1
Grades 5 – 6	265:1

FORMULA: ADM Divided by Grade Level Ratio = Positions

EXAMPLE for Grades K – 4

685 Divided by 350 Equals 1.94
680 Divided by 350 Equals 2.00 (Rounded)

1,587 Divided by 350 Equals 4.53
1,587 Divided by 350 Equals 4.50 (Rounded

EXAMPLE for Grades 5 – 6

680 Divided by 265 Equals 2.57
680 Divided by 265 Equals 2.50 (Rounded)

1,587 Divided by 265 Equals 5.99
1,587 Divided by 265 Equals 6.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

Elementary physical education classes (along with art and music classes) provide planning time for K – 6 teachers.

INSTRUCTIONAL COMPONENT

ELEMENTARY ART TEACHERS

Elementary Art teachers are calculated at the ratio of 1 per 525 pupils in grades K – 6, rounded to the nearest ½ position. Positions are calculated using system wide grade level ADM.

Elementary Art	Funding Ratio
Grades K – 6	525:1

FORMULA: ADM Divided by Grade Level Ratio = Positions

EXAMPLES: Grades K – 6

> 680 Divided by 525 Equals 1.30
> 680 Divided by 525 Equals 1.50 (Rounded)
>
> 1,823 Divided by 525 Equals 3.47
> 1,823 Divided by 525 Equals 3.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

Elementary art classes (along with physical education and music classes) provide planning time for K – 6 teachers.

INSTRUCTIONAL COMPONENT

ELEMENTARY MUSIC TEACHERS

Elementary Music teachers are calculated at the ratio of 1 per 525 pupils in grades K – 6 rounded to the nearest ½ position. Positions are calculated using a system wide grade level ADM.

Elementary Music	Funding Ratio
Grades K – 6	525:1

FORMULA: ADM Divided by Grade Level Ratio = Positions

EXAMPLES: Grades K – 6

850 Divided by 525 Equals 1.62
850 Divided by 525 Equals 1.50 (Rounded)

1,978 Divided by 525 Equals 3.77
1,978 Divided by 525 Equals 4.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

Elementary music classes (along with physical education and art classes) provide planning time for K-6 teachers.

INSTRUCTIONAL COMPONENT

ELEMENTARY GUIDANCE COUNSELORS

Elementary guidance counselors are calculated at the rate of 1 per 500 pupils in grades K – 6 rounded to this nearest ½ position. If a system within a county having more than one system does not have enough pupils to qualify for a position, the county K – 6 totals are used and each system receives a pro rata share of elementary guidance counselors based on its proportion of the total enrollment. If county totals are not sufficient to generate a position, the county is allocated one position and each system is allocated a pro rata share of that position based on its proportion of K – 6 enrollment.

Elementary Guidance Counselors	Ratio
Grades K – 6	500:1

FORMULA: ADM Divided by Grade Level Ratio = Positions

EXAMPLE: Grades K – 6

850 Divided by 500 Equals 1.70
850 Divided by 500 Equals 1.50 (Rounded)

1,978 Divided by 500 Equals 3.96
1,978 Divided by 500 Equals 4.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SECONDARY GUIDANCE COUNSELORS

Secondary guidance counselors are calculated at the rate of 1 per 350 students in grades 7 – 12 rounded to the nearest ½ position. If a system within a county having more than one system does not have enough pupils to qualify for a position, the county 7-12 totals are used and each system receives a pro rata share of secondary guidance counselors based on its proportion of the total enrollment. If county totals are not sufficient to generate a position, the county is allocated one position and each system is allocated a pro rata share of that position based on its proportion of 7 – 12 enrollment.

Secondary Guidance Counselors	Ratio
Grades 7 – 12	350:1

FORMULA: ADM Divided by Grade Level Ratio = Positions

EXAMPLE: Grades 7 – 12

> 547 Divided by 350 Equals 1.56
> 547 Divided by 350 Equals 1.50 (Rounded)
>
> 2,379 Divided by 350 Equals 6.80
> 2,379 Divided by 350 Equals 7.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

ELEMENTARY LIBRARIANS

Elementary Librarians are earned based upon the following enrollment categories.

School Enrollment K – 8	Positions Allocated
Below 265	0.5
265 – 439	1.0
440 – 659	1.0 (plus .5 library assistant)
Above 659	1.0 (plus 1 library assistant)

EXAMPLE:

Enrollment	Positions
258	0.5
376	1.0
550	1.0 (plus .5 library assistant)
750	1.0 (plus 1 library assistant)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SECONDARY LIBRARIANS

Secondary Librarians (9 – 12) are earned based upon the following enrollment categories

School Enrollment 9 – 12	Positions Allocated
Below 300	0.5
300 – 999	1.0
1,000 – 1,499	2.0
Above 1,499	2.0 (plus 1 for each 750 additional pupils)

EXAMPLE:

Enrollment	Positions
258	0.5
666	1.0
1,288	2.0
2,300	3.0

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

PRINCIPALS

Principals are allocated according to the following schedule.

School Enrollment	Principal Allocation
0 – 224*	0.5
Above 225	1.0

*Elementary schools less than 100 are not allocated a principal.

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

ELEMENTARY ASSISTANT PRINCIPALS

Elementary Assistant Principals are allocated according to the following schedule.

School Enrollment	Positions Allocated
Below 660	0.0
660 – 879	0.5
880 – 1,099	1.0
1,100 – 1,319	1.5
Above 1,319	2.0

EXAMPLE:

Enrollment	Positions
567	0.0
666	0.5
990	1.0
1,256	1.5
1,430	2.0

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SECONDARY ASSISTANT PRINCIPALS

Secondary Assistant Principals are allocated according to the following schedule.

School Enrollment 9 – 12	Positions Allocated
Below 300	0.0
300 – 649	0.5
650 – 999	1.0
1,000 – 1,249	1.5
Above 1,249	2.0 (plus 1 for each additional 250 pupils rounded to nearest .5)

EXAMPLE:

Enrollment	Positions
280	0.0
555	0.5
875	1.0
1,200	1.5
1,589	3.0

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

REGULAR SUPERVISORS

Regular Supervisors are allocated according to the following schedule. This category includes supervisors for areas such as attendance, materials, and instruction. The formula allows for rounding to the nearest ½ position.

System ADM	Positions Allocated
Below 500	1.0
500 – 999	2.0
1,000 – 1,999	3.0
Above 1,999	3.0 (plus 1 for each additional 1,000 pupils)

EXAMPLE:

Enrollment	Positions
336	1.0
555	2.0
1,675	3.0
3,267	4.0

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SPECIAL EDUCATION SUPERVISORS

Special Education Supervisors are calculated at the ratio of 1 per 750 identified and served students, rounded to the nearest ½ position.

Special Education Supervisors	Funding Ratio
Identified & Served	750:1

FORMULA: Identified & Served Divided by 750 = Positions

EXAMPLES:

850 Divided by 750 Equals 1.13
850 Divided by 750 Equals 1.00 (Rounded)

1,978 Divided by 750 Equals 2.64
1,978 Divided by 750 Equals 2.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

VOCATIONAL EDUCATION SUPERVISORS

Vocational Education Supervisors are calculated at the ratio of 1 per 1,000 vocational education students (FTEADM), rounded to the nearest ½ position.

Vocational Education Supervisors	Funding Ratio
Vocational FTEADM	1,000:1

FORMULA: Vocational FTEADM Divided by 1,000 = Positions

EXAMPLES:

    675 Divided by 1,000 Equals .68
    675 Divided by 1,000 Equals .50 (Rounded)

    1,978 Divided by 1,000 Equals 1.98
    1,978 Divided by 1,000 Equals 2.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

PSYCHOLOGISTS

Psychologists are calculated at the rate of 1 per 2,500 pupils, rounded to the nearest ½ position. If a system within a county having more than one system does not have enough pupils to qualify for a position, the county totals are used and the system receives a pro rata share of the position based on its proportion of total ADM. If county totals are not sufficient to generate a position, the county is allocated one position and each system is allocated a pro rata share of that position based on its proportion of total ADM.

Psychologist	Ratio
System ADM	2,500:1

FORMULA: System ADM Divided by 2,500 = Positions

EXAMPLE:

       3,000 Divided by 2,500 Equals 1.20
       3,000 Divided by 2,500 Equals 1.00 (Rounded

       4,455 Divided by 2,500 Equals 1.78
       4,455 Divided by 2,500 Equals 2.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SOCIAL WORKERS

Social Workers are calculated at the rate of 1 per 2,000 pupils, rounded to nearest ½ position. If a system within a county having more than one system does not have enough pupils to qualify for a position, the county totals are used and the system receives a pro rata share of the position based on its proportion of total ADM. If county totals are not sufficient to generate a position, the county is allocated one position and each system is allocated a pro rata share of that position based on its proportion of total ADM.

Social Workers	Ratio
System ADM	2,000:1

FORMULA: System ADM Divided by 2,000 = Positions

EXAMPLE:

3,000 Divided by 2,000 Equals 1.50
3,000 Divided by 2,000 Equals 1.50 (Rounded)

4,455 Divided by 2,000 Equals 1.23
4,455 Divided by 2,000 Equals 2.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

SPECIAL EDUCATION ASSESSMENT PERSONNEL

Special Education Assessment personnel are calculated at the ratio of 1 per 600 identified and served students, rounded to the nearest ½ position.

Special Education Assessment	Funding Ratio
Identified & Served	600:1

FORMULA: Identified & Served Divided by 600 = Positions

EXAMPLES:

3,200 Divided by 600 Equals 5.33
3,200 Divided by 600 Equals 5.50 (Rounded)

4,782 Divided by 600 Equals 7.97
4,782 Divided by 600 Equals 8.00 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

INSTRUCTIONAL COMPONENT

RETIREMENT & SOCIAL SECURITY

Benefits are calculated based upon the amount of salary dollars generated by BEP positions. The percentages (for FY12) to be applied to the salary dollars are presented in the following table.

	Instructional Personnel
Retirement & Social Security	7.65% 9.05%
Total	16.70%

FORMULA for Instructional Personnel: Salary dollars multiplied by .1670 = benefits

EXAMPLE:

$350,000 Multiplied by .1670 Equals $58,450

INSTRUCTIONAL COMPONENT

INSURANCE

Insurance is calculated based upon the number of positions generated by the BEP. The insurance premium is based on the average weighted premiums of teachers that are participants in the state education plan as of October 1. For FY12 the premium amount is $7,391.77. To determine the factor used to calculate the instructional insurance component, the minimum (45%) of the average premium that the state pays is divided by 70%, because the state pays 70% of the instructional component costs. This factor (.64) is then multiplied by $7,391.77 to arrive at $4,751.85. The insurance premium for the instructional component for FY2012 is $4,751.85

EXAMPLE:

350 Positions Multiplied $4,751.85 Equals $1,663,147.50

Insurance premium information is provided by the Department of Finance and Administration.

CLASSROOM COMPONENT (STATE SHARE 75%)

SCHOOL NURSES

School Nurses are calculated at the ratio of 1 per 3,000 pupils, rounded to the nearest ½ position. Each system receives a minimum of one nurse.

School Nurses	Funding Ratio
System ADM	3,000:1

FORMULA: System ADM Divided by 3,000 = Positions

EXAMPLES:

       3,200 Divided by 3,000 Equals 1.07
       3,200 Divided by 3,000 Equals 1.00 (Rounded)

       4,782 Divided by 3,000 Equals 1.60
       4,782 Divided by 3,000 Equals 1.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

CLASSROOM COMPONENT

REGULAR TEACHER ASSISTANTS

Regular Teacher Assistants are calculated at the ratio of 1 per 75 pupils in grades K – 6, rounded to the nearest ½ position. Teacher assistant positions are calculated on a system wide basis using system wide K – 6 ADM.

Grades	Funding Level
K – 6	75:1

FORMULA: Grade level ADM Divided by Funding Level = Positions

EXAMPLE:	219	Divided by 75 Equals	2.92
	219	Divided by 75 Equals	3.00 (Rounded)
	678	Divided by 75 Equals	9.04
	678	Divided by 75 Equals	9.00 (Rounded)

The number of positions is multiplied by the average annual library/teacher assistant salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY12 is $19,300. Salaries are adjusted for any pay raises approved by the Legislature.

CLASSROOM COMPONENT

SPECIAL EDUCATION ASSISTANTS

Special Education Assistants are calculated at a ratio of 1 per 60 pupils identified and served in options 5, 7, 8. The calculation is rounded to the nearest ½ position.

FORMULA: Identified and Served Divided by 60 = Positions

EXAMPLE: 442 Divided by 60 Equals 7.37
442 Divided by 60 Equals 7.50 (Rounded)

The number of positions is multiplied by the average annual library/teacher assistant salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY12 is $19,300. Salaries are adjusted for any pay raises approved by the Legislature.

CLASSROOM COMPONENT

ELEMENTARY LIBRARY ASSISTANTS

Elementary Library Assistants (K – 8) are earned based upon the following enrollment categories.

School Enrollment K – 8	Positions Allocated
Below 440	0.0
440 – 659	0.5
Above 659	1.0

EXAMPLE:

Enrollment	Positions
377	0.0
551	0.5
750	1.0

The number of positions is multiplied by the average annual library/teacher assistant salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY12 is $19,300. Salaries are adjusted for any pay raises approved by the Legislature.

CLASSROOM COMPONENT

RETIREMENT & SOCIAL SECURITY

Benefits are calculated based upon the amount of salary dollars generated by BEP positions. The percentages to be applied to the salary dollars are presented in the following table.

	Classified Personnel
Retirement & Social Security	7.65% 10.52%
Total	18.17%

FORMULA for Classified: Salary dollars multiplied by .1817 = benefits

EXAMPLE:

$120,000 Multiplied by .1817 Equals $21,804

CLASSROOM COMPONENT

INSURANCE

Insurance is calculated based upon the number of positions generated by the BEP. The insurance premium is based on the average weighted premiums of teachers that are participants in the state education plan as of October 1. For FY12 the premium amount is $7,391.77. To determine the factor used to calculate the classroom insurance component, the minimum (45%) of the average premium that the state pays is divided by 75%, because the state pays 75% of the classroom component costs. This factor (.60) is then multiplied by $7,391.77 to arrive at $4,435.06. The classroom insurance premium for FY2012 is $4,435.06

EXAMPLE:

350 Positions Multiplied by $4,435.06 Equals $1,552,271.00

Insurance premium information is provided by the Department of Finance and Administration.

CLASSROOM COMPONENT

AT-RISK

The at-risk component is based on a 1:15 class size reduction for grades K-12, based on identified at-risk ADM's. Since the inception of at-risk funding, $509.46 has been the targeted amount of at-risk funding per student. Prior to BEP 2.0, the formula funded only 33% of K-3 at-risk; since BEP 2.0 100% of at-risk is funded.

FORMULA: System identified at-risk ADM multiplied by $509.46 = allocation

EXAMPLE:

156 multiplied by $509.46 = $79,476

CLASSROOM COMPONENT

SUBSTITUTE TEACHERS

Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is then averaged and inflated up two fiscal years using CBER's deflator schedule.

The Substitute teacher for FY2012 is allocated at the rate of $58.00 per pupil.

FORMULA: System ADM multiplied by $58.00 = allocation

EXAMPLE:

1,247 multiplied by $58.00 Equals $72,326.00

CLASSROOM COMPONENT

ALTERNATIVE SCHOOLS

The prior year per ADM amount for alternative schools is inflated one year per the CBER deflator schedule.

Alternative School funds for FY2012 are allocated at the rate of $3.30 per pupil in grades   K – 6 and additional funds of $28.75 per pupil in grades 7 – 12.

Grade Level	Funding Level
K – 6	$3.30
7 – 12	$28.75

FORMULA for K – 12: System K – 12 ADM multiplied by $3.30 = allocation

EXAMPLE:

567 Multiplied by $3.30 Equals $1,871.10

FORMULA for 7 – 12: System 7 – 12 ADM multiplied by $28.25 = allocation

EXAMPLE:

4,729 Multiplied by $28.75 Equals $135,958.75

CLASSROOM COMPONENT

DUTY FREE LUNCH

The prior year per ADM duty free lunch amount is inflated one year per the CBER deflator schedule.

Duty Free Lunch funds for FY2012 are allocated at the rate of $10.50 per pupil.

FORMULA: System ADM multiplied by $10.50 = allocation

EXAMPLE:

2,247 Multiplied by $10.50 Equals $23,593.50

CLASSROOM COMPONENT

TEXTBOOKS

Textbook sales forecast information is received from the Office of Curriculum and Instruction, Textbook Services. This information is averaged with the two prior years to calculate a three-year average for textbook costs. The three-year average is then inflated one year using the CBER deflator schedule.

Textbook funds for FY2012 are allocated at the rate of $76.75 per pupil.

FORMULA: System ADM multiplied by $76.75 = allocation

EXAMPLE:

1,047 Multiplied by $76.75 Equals $80,357.25

Textbook needs estimate is provided by the Office of Textbook Services, Department of Education.

CLASSROOM COMPONENT

MATERIALS AND SUPPLIES

Regular Materials and Supplies includes Regular and Alternative Materials and Supplies, and Regular and Alternative Fee Waivers. Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Regular Materials and Supplies for FY12 are allocated at the rate of $74.50 per regular student.

FORMULA: Regular ADM multiplied by $74.50 = allocation

EXAMPLE:

4,627 Multiplied by $74.50 Equals $344,711.50

Special Education Materials and Supplies includes Special Education Materials and Supplies, and Special Education Fee Waivers. Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Special Education Materials and Supplies for FY12 are allocated at the rate of $36.50 per special education student.

FORMULA: Special Education Identified & Served multiplied by $36.50 = allocation

EXAMPLE:

256 Multiplied by $36.50 Equals $9,344.00

Vocational Materials and Supplies includes Vocational Materials and Supplies, and Vocational Fee Waivers. Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Vocational Education Materials and Supplies for FY12 are allocated at the rate of $157.75 per vocational education student.

FORMULA: Vocational Education FTEADM multiplied by $157.75 = allocation

EXAMPLES:

147 Multiplied by $157.75 Equals $23,189.25

CLASSROOM COMPO

INSTRUCTIONAL EQUIPMENT

Regular Instructional Equipment includes Regular Instruction Equipment and Alternative Instruction Equipment. Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Regular Instructional Equipment for FY12 is allocated at the rate of $64.25 per regular student.

FORMULA: Regular ADM multiplied by $64.25 = allocation

EXAMPLE:

4,627 Multiplied by $64.25 Equals $297,284.75

Total expenditure data for Special Education Equipment from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Special Education Instructional Equipment for FY12 is allocated at the rate of $13.25 per special education student.

FORMULA: Special Education Identified & Served multiplied by $13.25 = allocation

EXAMPLE:

256 Multiplied by $13.25 Equals $3,392.00

Total expenditure data for Vocational Education Equipment from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Vocational Education Instructional Equipment for FY12 is allocated at the rate of $99.75 per vocational student.

FORMULA: Vocational Education FTEADM multiplied by $99.75 = allocation

EXAMPLE:

147 Multiplied by $99.75 Equals $14,663.25

CLASSROOM COMPONENT

CLASSROOM-RELATED TRAVEL

Regular Classroom-related Travel included Regular Instruction Travel and Alternative Education Travel. Total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Regular Instructional Travel funds for FY12 are allocated at the rate of $13.75 per regular student.

<div align="center">FORMULA: Regular ADM multiplied by $13.75 = allocation</div>

EXAMPLE:
4,627 Multiplied by $13.75 Equals $63,621.25

Special Education Classroom-related Travel total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Special Education Travel funds for FY12 are allocated at the rate of $17.25 per special education student.

<div align="center">FORMULA: Special Education Identified & Served multiplied by $17.25 = allocation</div>

EXAMPLE:
256 Multiplied by $17.25 Equals $4,416.00

Vocational Classroom-related Travel total expenditure data from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Vocational Education Travel funds for FY12 are allocated at the rate of $21.50 per vocational FTE ADM.

<div align="center">FORMULA: Vocational Education FTEADM multiplied by $21.50 = allocation</div>

EXAMPLE:
148 Multiplied by $21.50 Equals $3,182.00

CLASSROOM COMPONENT

EXIT EXAMS

Funding for exit exams is based on grades 11 and 12 ADM's. A three-year weighted average of the costs of ACT and SAT is used to determine the unit cost. The three-year average is inflated up two years using the CBER deflator schedule. Work Keys is based on the actual cost of the exam.

For FY12 the funding for grade 11 is $35.75, and funding for grade 12 is $11.25.

FORMULA: Grade 11 ADM's times $35.75 = allocation

FORMULA: Grade 12 Vocational students ADM's times $11.25 = allocation

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EXAMPLE:

987 (Grade 11 ADM's) Multiplied by $35.75 Equals $35,285.25

144 (Grade 12 Vocational ADM's) Multiplied by $11.25 Equals $1,620.00

CLASSROOM COMPONENT

TECHNOLOGY

$20,000,000 is distributed to each system based on their percent of ADM's to total ADM's. Average rate per ADM for FY12 is $21.05

FORMULA: System ADM multiplied by $21.05 = allocation

EXAMPLE:

2,467 Multiplied by $21.05 Equals $51,930.35

CLASSROOM COMPONENT

VOCATIONAL CENTER TRANSPORTATION

Vocational Center Transportation funds for FY12 are allocated based upon the number of students transported times the number of miles in a one-way trip times a unit cost factor of $28.01. The unit cost factor is derived from the reported actual expenditures from prior year data and then inflated up two years using the CBER deflator schedule.

FORMULA: Vocational Center FTEADM multiplied by average one-way trip times $28.01

EXAMPLE:

537 (FTEADM) Multiplied by 2.1 (miles) Equals 1,127.7 Multiplied by $28.01 Equals $31,586.88

NON-CLASSROOM COMPONENT (STATE SHARE 50%)

SUPERINTENDENT

Each county is allocated one Superintendent. Each system within a county receives a proportional share of the position based upon the system's proportion of the county ADM.

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EXAMPLE:

                                            Proportion/
             System          ADM            Allocation

             A               4,327              .53
             B               1,342              .17
             C               2,437              .30
             Total           8,106             1.00
```

The allocation is multiplied by the superintendent's salary for FY12. This salary is $93,100.

NON-CLASSROOM COMPONENT

TECHNOLOGY COORDINATORS

Technology Coordinators are calculated using a ratio of 1 per 6,400 pupils, rounded to the nearest ½ position. Each system receives a minimum of one coordinator.

Technology Coordinator	Funding Ratio
System ADM	6,400:1

FORMULA: System ADM Divided by 6,400 = Positions

EXAMPLES:

6,600 Divided by 6,400 Equals 1.03
6,600 Divided by 6,400 Equals 1.00 (Rounded)

8,400 Divided by 6,400 Equals 1.31
8,400 Divided by 6,400 Equals 1.50 (Rounded)

The number of positions is multiplied by the state instructional salary unit cost as set by the annual appropriations bill to determine the total component support. For FY12 the state instructional salary unit cost is $38,700.

NON-CLASSROOM COMPONENT

SYSTEM SECRETARIAL SUPPORT PERSONNEL

System Secretarial Support personnel are generated based upon the following schedule.

System ADM	Positions Allocated
Below 500	1.0
500-1,250	2.0
1,251-1,999	3.0
Above 1,999	3.0 (plus 1 for every additional 1,000)

EXAMPLE:

Enrollment	Positions
258	1.0
585	2.0
1,347	3.0
3,210	4.0

The number of positions is multiplied by the average annual system secretary salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY12 is $34,800. Salaries are adjusted for any pay raises approved by the Legislature.

NON-CLASSROOM COMPONENT`

SCHOOL SECRETARIAL SUPPORT PERSONNEL

School Secretarial Support personnel (secretaries) are allocated based upon the following schedule.

System Enrollment	Positions Allocated
Below 225	0.5
225-374	1.0
Above 374	1.0 (plus 1 for every additional 375 rounded to .5)

EXAMPLE:

Enrollment	Positions
220	.5
315	1.0
500	1.5

The number of positions is multiplied by the state minimum mandated average annual school support personnel salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY2012 is $27,200. Salaries are adjusted for any pay raises approved by the Legislature.

NON-CLASSROOM COMPONENT

CUSTODIANS

Custodians for FY12 are allocated on the basis of 1 per 22,376 square feet rounded to nearest ½ position. The number of square feet is determined by allowing square feet per student based upon the following schedule.

Grades	Allocation
K-4	100 square feet per ADM
5-8	110 square feet per ADM
9-12	130 square feet per ADM

FORMULA: Square feet divided by 22,376 equals custodians

EXAMPLE:	Grades	ADM	Square Feet
	K-4	426	42,600
	5-8	400	44,000
	9-12	367	47,710
		Total	134,310

134,310 Divided by 22,376 Equals 6.00

The number of positions is multiplied by the state minimum mandated average annual custodian's salary allocation for non-licensed personnel which is based on current Education Research Service, Wages and Salaries Paid Support Personnel in the Southeast United States. This salary for FY2012 is $20,800. Salaries are adjusted for any pay raises approved by the Legislature.

NON-CLASSROOM COMPONENT

RETIREMENT & SOCIAL SECURITY

Benefits are calculated based upon the amount of salary dollars generated by BEP positions. The percentages to be applied to the salary dollars are presented in the following table.

	Certificated Personnel	Classified Personnel
Social Security & Retirement	7.65% 9.05%	7.65% 10.52%
Total	16.70%	18.17%

FORMULA for Certificated: Salary dollars multiplied by .1670 = benefits

EXAMPLE:

$350,000 Multiplied by .1670 Equals $58,450

FORMULA for Classified: Salary dollars multiplied by .1817 = benefits

EXAMPLE:

$125,000 Multiplied by .1817 Equals $22,712.50

NON-CLASSROOM COMPONENT

INSURANCE

Insurance is calculated based upon the number of positions generated by the BEP. The insurance premium is based on the average weighted premiums of teachers that are participants in the state plan as of October 1. For FY12 the premium amount is $7,391.77.

To determine the factor used to calculate the non-classroom insurance component, the minimum (45% for superintendent and technology coordinator) of the average premium that the state pays is divided by 50%, because the state pays 50% of the non-classroom component costs. This factor (.90) is then multiplied by 7,391.77 to arrive at $6,652.59 The non-classroom insurance premium for the superintendent and technology coordinator positions for FY12 is $6,652.59.

EXAMPLE:

3 Positions Multiplied by $6,652.59 Equals $13,305.18

To determine the factor used to calculate the non-classroom insurance component, the minimum (30% for support staff) of the average premium that the state pays is divided by 50%, because the state pays 50% of the non-classroom component costs. This factor (.60) is then multiplied by 7,391.77 to arrive at $4,435.06. The non-classroom insurance premium for support personnel for FY12 is $4,435.06.

EXAMPLE:

350 Positions Multiplied by $4,435.06 Equals $1,552,271.00

Insurance premium information is provided by the Department of Finance and Administration.

NON-CLASSROOM COMPONENT

NON-INSTRUCTIONAL EQUIPMENT

Non-Instructional Equipment includes equipment expenditures from Other Student Support, Office of the Principal, Finance, Human Resources, Maintenance, Operations, Transportation, and Central and Other Support. Total expenditure data for Non-Instructional Equipment from three consecutive prior years is divided by same year ADM. The three years expenditure data per ADM is averaged, and then inflated up two fiscal years using the CBER deflator schedule.

Non-Instructional Equipment funds for FY12 are allocated at the rate of $18.75 per pupil.

FORMULA: ADM multiplied by $18.75 = allocation

EXAMPLE:

2,247 Multiplied by $18.75 Equals $42,131.25

NON-CLASSROOM COMPONENT

PUPIL TRANSPORTATION

The BEP funds transportation based on the estimated cost of the transportation services the school system provides. The transportation funding is based upon a formula, which takes into consideration the number of pupils transported and the number of miles the students are transported. In order to determine transportation funding, information from the Annual Transportation Report and Annual Financial Reports are required.

Three-year averages of data, which determine the funding for each system, are:

- Three-year average transportation cost per ADM.
- Ratio of three-year average daily transported to ADM.
- Ratio of three-year average mile traveled to ADM.
- Percent of ADT to total ADM.

These three-year averages are then inflated up two fiscal years.

After calculating the three-year averages of actual transportation expenditures and inflating them up two fiscal years, the BEP formula then uses a statistical model (multiple regression) to estimate the impact of four different factors on each system's transportation spending over the three years prior to the current BEP funding year. Those four factors, based on three-year averages are:

- Average daily students transported (ADT)
- Average daily special education students transported (SpEdADT)
- Daily one-way miles driven (miles)
- ADM

The model estimates the average, statewide effects (coefficients) of these factors on transportation expenditures and multiplies those estimated effects by each system's respective factors to calculate the estimated cost to the system of providing transportation services.

Transportation cost allocations for each school system for FY12 are found in Appendix E.

NON-CLASSROOM COMPONENT

MAINTENANCE AND OPERATIONS

Funds for Maintenance and Operations for FY12 are allocated based upon a rate of $3.00 per square foot. The prior year rate is inflated up one year using the CBER deflator schedule.

The number of square feet is determined by allowing square feet per student based upon the following schedule.

Grades	Allocation
K-4	100 square feet per Grade Level ADM
5-8	110 square feet per Grade Level ADM
9-12	130 square feet per Grade Level ADM

FORMULA: Square feet multiplied by $3.00 = Allocation

EXAMPLE:

Grades	Grade Level ADM	Square Feet
K-4	426	42,600
5-8	400	44,000
9-12	367	47,710
	Total	134,310

134,310 multiplied by $3.00 equals $402,930

NON-CLASSROOM COMPONENT

MAINTENANCE AND OPERATIONS STAFF BENEFITS

Benefits and insurance are calculated based upon the amount allocated for maintenance and operations. Sixty (60) percent of square footage funding is allocated toward salary for benefit calculations. Benefit percentages to be applied to the salary dollars are presented in the table below.

FORMULA for Estimated Salary: Square Footage Funding Multiplied by .60= Estimated Salary

EXAMPLE:

$350,000 Multiplied by .60 Equals $210,000

FORMULA for Benefits: Estimated Salary Multiplied by .1817 = Benefits

EXAMPLE:

$210,000 Multiplied by .1817 Equals $38,157

FORMULA for Maintenance and Operations Insurance:

Insurance is based on the non-classroom total insurance premium's percent of salary. Salary allocation is multiplied by the non-classroom insurance rate of 13.71%.

EXAMPLE:

$210,000 Multiplied by .1371 Equals $28,791.00

NON-CLASSROOM COMPONENT

CAPITAL OUTLAY

The cost of different types of schools is calculated based on the following factors:

> 100 square feet per student in elementary school
> 110 square feet per student in middle school
> 130 square feet per student in high school
>
> $121 per square foot for construction for elementary schools
> $125 per square foot for construction for middle schools
> $123 per square foot for construction for high schools
>
> 10% additional for equipment per school
> 5% additional for architects' fees per school
> 6% for twenty years of debt retirement

These factors resulted in a cost of:

> $11,962,966 per elementary school
> $20,391,419 per middle school
> $31,617,822 per high school

Forty years is considered to be the usable life of a school.

The average daily membership is used to determine the number of square feet per school system. Thus if a school system has 2,250 students, divided 500 elementary, 750 middle and 1,000 high school, the square foot figures would be 50,000 elementary, 82,500 middle and 130,000 high school. The total cost would be $63,972,207. Dividing the total cost by 40 to determine the single year cost results in $1,599,305 in capital outlay funds.

COST DIFFERENTIAL FACTOR

COST DIFFERENTIAL FACTOR

The county cost differential factor (CDF) is used to adjust BEP funding in systems where the cost of living in the county is greater than the statewide average. The BEP uses CDF to adjust salary components. The CDF multiplies the average wage in each of a set of nongovernmental industries by the proportion of the statewide labor force employed in that industry. Counties with above-average wages according to this index receive an increase, and counties with average or below-average wages do not. In those counties with an increase, BEP-generated salaries, Tennessee Consolidated Retirement System contributions (TCRS), and FICA contributions for systems are multiplied by the county CDF. The adjustment is applied only in systems where the ratio between county non-governmental wages and statewide non-governmental wages is greater than one. No adjustment is made to systems with ratios less than one (county non-government wages are less than statewide non-government wages).

In 2007 the Tennessee General Assembly passed BEP 2.0. As a result, CDF was eliminated from the BEP formula. However, because BEP 2.0 has not been fully phased in, systems receiving CDF adjustments are currently receiving 50% of the total calculated CDF.

FORMULA: Salaries multiplied by CDF multiplied by 50% = Cost Adjustment

EXAMPLE:

BEP-generated salaries:

$1,000,000 Times 116.98 % Times 50% Equals $$1,084,900

Cost Differential Factors for FY12 can be found in Appendix A.

FISCAL CAPACITY

TACIR INDEX / FOX INDEX

The fiscal capacity index is the primary equalization instrument in the BEP formula. It is a statistical estimate of a county's relative ability to raise revenue. The state and local share for each school system is based on an equalization formula that is applied to the BEP.

Fiscal capacity and cost differential factors should not be confused. In general, the fiscal capacity index analyzes and adjusts for a county's ability to pay for education. CDF takes into consideration cost of living differences.

Although the state funds 70, 75, and 50 percent of the total BEP=generated instructional, classroom and non-classroom components, respectively, the state and local shares for individual districts vary considerably. Through the fiscal capacity index, the BEP directs more state funds to systems in counties with less ability to fund education with local resources. A school system in a county with high fiscal capacity has greater ability to raise revenues through local sources, such as property tax or the local option sales tax; a school system in a county with low fiscal capacity has less ability to raise local revenues. Because of this, the BEP requires systems in counties with higher fiscal capacity to fund a greater portion with local dollars.

In 2007 the Tennessee General Assembly passed BEP 2.0. As a result, the TACIR index was replaced with the Fox index. However, because BEP 2.0 has not been fully phased in, the equalization formula is a 50/50 blend of the two models.

The fiscal capacity index is applies at the county level. Therefore, the state and local shares for a county system would be the same as the state and local shares for a city system residing within the same county.

FORMULA: Total BEP funds generated in a category times Average local share times County fiscal capacity index = County's local funded amount

County's total generated BEP funds in a category minus County's local funded amount = County's state funded amount

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EXAMPLE:

Local BEP-funded instructional component:

$3,000,000,000 times 30% times .14 = $126,000,000

$275,000,000 minus $126,000,000 = $149,000,000

TACIR Index for FY12 is found in Appendix B.

Fox Index for FY12 is found in Appendix C.

The blended fiscal capacity index for FY12 is found in Appendix D.

FINAL COMPARISONS

STABILITY, BASELINE AND MANDATORY INCREASE

A system is on stability if the total state BEP funds it generates in the current year are less than the total state BEP funds it generated in the previous year. A system's **stability value** is the total amount of state BEP funds it generated in the previous year. This occurs most often in the case of declining student enrollment. Stability allows a system a one-year grace period before its funding is reduced, delaying for one year the impact of declining ADM's.

The **baseline** amount is the system's total FY07 BEP allocation. The passage of BEP 2.0 in 2007 guaranteed that no system would earn fewer BEP funds in future years than were earned in FY07. Funds generated in the current year are compared to FY07 BEP generated funds, and the system receives the greater of the two allocations.

A system's BEP generated funds are compared to the greater of their stability (prior year BEP generated funds) and baseline (FY07 BEP allocation) amounts to determine the current year allocation.

The **mandatory increase** allows systems on stability or baseline to receive additional funds for state-mandated increases in salary, TCRS contributions, or insurance. The mandatory increase amount is determined by multiplying the system's current instructional positions by the increase in salary, insurance premiums or TCRS contributions. This amount is then multiplied by the system's equalized state share percentage and then added to the system's stability or baseline amount (whichever is greater) to determine the final BPE allocation for the current year.

FORMULA: Increase in salary (and/or TCRS and/or insurance) Multiplied by the number of BEP-instructional positions times Equalized state share percentage = Mandatory Increase

EXAMPLE:

Mandatory Salary Increase:

$1,027.45 Times 478 positions times .65 Equals $319,229

APPENDIX A

COST DIFFERENTIAL FACTORS FOR FY12

System	CDF%	System	CDF%	System	CDF%
Anderson County	102.73%	Trenton SSD	85.86%	Meigs County	89.45%
Clinton City	102.73%	Bradford SSD	85.86%	Monroe County	89.16%
Oak Ridge City	102.73%	Gibson County SSD	85.86%	Sweetwater City	89.16%
Bedford County	87.97%	Giles County	88.28%	Montgomery County	91.42%
Benton County	84.36%	Grainger County	88.00%	Moore County	96.60%
Bledsoe County	83.16%	Greene County	89.38%	Morgan County	90.72%
Blount County	100.71%	Greeneville City	89.38%	Obion County	93.24%
Alcoa City	100.71%	Grundy County	80.82%	Union City	93.24%
Maryville City	100.71%	Hamblen County	90.83%	Overton County	87.10%
Bradley County	95.37%	Hamilton County	98.43%	Perry County	82.82%
Cleveland City	95.37%	Hancock County	75.98%	Pickett County	81.91%
Campbell County	88.65%	Hardeman County	91.33%	Polk County	84.08%
Cannon County	84.16%	Hardin County	91.76%	Putnam County	88.89%
Carroll County	88.08%	Hawkins County	87.66%	Rhea County	88.15%
H Rock-Bruceton SSD	88.08%	Rogersville City	87.66%	Dayton City	88.15%
Huntingdon SSD	88.08%	Haywood County	98.96%	Roane County	96.21%
McKenzie SSD	88.08%	Henderson County	87.12%	Robertson County	88.93%
South Carroll Co SSD	88.08%	Lexington City	87.12%	Rutherford County	99.10%
West Carroll Co SSD	88.08%	Henry County	87.17%	Murfreesboro City	99.10%
Carter County	86.34%	Paris SSD	87.17%	Scott County	85.64%
Elizabethton City	86.34%	Hickman County	84.97%	Oneida SSD	85.64%
Cheatham County	93.45%	Houston County	83.58%	Sequatchie County	86.21%
Chester County	86.28%	Humphreys County	96.68%	Sevier County	91.18%
Claiborne County	84.33%	Jackson County	89.59%	Shelby County	108.52%
Clay County	83.48%	Jefferson County	89.16%	Memphis City	108.52%
Cocke County	86.01%	Johnson County	89.56%	Smith County	89.31%
Newport City	86.01%	Knox County	99.66%	Stewart County	95.03%
Coffee County	94.31%	Lake County	79.57%	Sullivan County	101.18%
Manchester City	94.31%	Lauderdale County	86.76%	Bristol City	101.18%
Tullahoma City	94.31%	Lawrence County	87.45%	Kingsport City	101.18%
Crockett County	86.60%	Lewis County	80.69%	Sumner County	95.66%
Alamo City	86.60%	Lincoln County	86.27%	Tipton County	87.81%
Bells City	86.60%	Fayetteville City	86.27%	Trousdale County	86.19%
Cumberland County	87.76%	Loudon County	97.40%	Unicoi County	95.98%
Davidson County	109.66%	Lenoir City	97.40%	Union County	88.58%
Decatur County	89.76%	McMinn County	91.72%	Van Buren County	92.53%
DeKalb County	86.37%	Athens City	91.72%	Warren County	87.87%
Dickson County	90.45%	Etowah City	91.72%	Washington County	91.76%
Dyer County	87.86%	McNairy County	84.11%	Johnson City	91.76%
Dyersburg City	87.86%	Macon County	84.20%	Wayne County	84.59%
Fayette County	96.26%	Madison County	94.86%	Weakley County	84.19%
Fentress County	81.97%	Marion County	86.73%	White County	86.09%
Franklin County	88.55%	Richard City SSD	86.73%	Williamson County	111.51%
Humboldt City	85.86%	Marshall County	85.31%	Franklin SSD	111.51%
Milan SSD	85.86%	Maury County	97.89%	Wilson County	100.84%
				Lebanon SSD	100.84%

TACIR INDEX FOR FY12

System	TACIR INDEX	System	TACIR INDEX	System	TACIR INDEX
Anderson County	1.15%	Trenton SSD	0.51%	Meigs County	0.06%
Clinton City	1.15%	Bradford SSD	0.51%	Monroe County	0.43%
Oak Ridge City	1.15%	Gibson County SSD	0.51%	Sweetwater City	0.43%
Bedford County	0.52%	Giles County	0.32%	Montgomery County	2.76%
Benton County	0.14%	Grainger County	0.10%	Moore County	0.07%
Bledsoe County	0.06%	Greene County	0.83%	Morgan County	0.08%
Blount County	1.71%	Greeneville City	0.83%	Obion County	0.44%
Alcoa City	1.71%	Grundy County	0.08%	Union City	0.44%
Maryville City	1.71%	Hamblen County	0.95%	Overton County	0.14%
Bradley County	1.35%	Hamilton County	6.15%	Perry County	0.06%
Cleveland City	1.35%	Hancock County	0.02%	Pickett County	0.03%
Campbell County	0.38%	Hardeman County	0.20%	Polk County	0.12%
Cannon County	0.09%	Hardin County	0.32%	Putnam County	1.14%
Carroll County	0.24%	Hawkins County	0.47%	Rhea County	0.29%
H Rock-Bruceton SSD	0.24%	Rogersville City	0.47%	Dayton City	0.29%
Huntingdon SSD	0.24%	Haywood County	0.19%	Roane County	0.70%
McKenzie SSD	0.24%	Henderson County	0.28%	Robertson County	0.81%
South Carroll Co SSD	0.24%	Lexington City	0.28%	Rutherford County	3.98%
West Carroll Co SSD	0.24%	Henry County	0.38%	Murfreesboro City	3.98%
Carter County	0.46%	Paris SSD	0.38%	Scott County	0.16%
Elizabethton City	0.46%	Hickman County	0.12%	Oneida SSD	0.16%
Cheatham County	0.38%	Houston County	0.05%	Sequatchie County	0.12%
Chester County	0.12%	Humphreys County	0.23%	Sevier County	2.39%
Claiborne County	0.24%	Jackson County	0.07%	Shelby County	18.27%
Clay County	0.05%	Jefferson County	0.48%	Memphis City	18.27%
Cocke County	0.31%	Johnson County	0.11%	Smith County	0.19%
Newport City	0.31%	Knox County	8.12%	Stewart County	0.10%
Coffee County	0.83%	Lake County	0.04%	Sullivan County	2.59%
Manchester City	0.83%	Lauderdale County	0.20%	Bristol City	2.59%
Tullahoma City	0.83%	Lawrence County	0.39%	Kingsport City	2.59%
Crockett County	0.11%	Lewis County	0.09%	Sumner County	2.16%
Alamo City	0.11%	Lincoln County	0.33%	Tipton County	0.55%
Bells City	0.11%	Fayetteville City	0.33%	Trousdale County	0.06%
Cumberland County	0.64%	Loudon County	0.66%	Unicoi County	0.18%
Davidson County	14.50%	Lenoir City	0.66%	Union County	0.09%
Decatur County	0.11%	McMinn County	0.70%	Van Buren County	0.03%
DeKalb County	0.18%	Athens City	0.70%	Warren County	0.42%
Dickson County	0.67%	Etowah City	0.70%	Washington County	1.95%
Dyer County	0.54%	McNairy County	0.25%	Johnson City	1.95%
Dyersburg City	0.54%	Macon County	0.20%	Wayne County	0.08%
Fayette County	0.34%	Madison County	1.82%	Weakley County	0.32%
Fentress County	0.14%	Marion County	0.34%	White County	0.20%
Franklin County	0.38%	Richard City SSD	0.34%	Williamson County	5.11%
Humboldt City	0.51%	Marshall County	0.34%	Franklin SSD	5.11%
Milan SSD	0.51%	Maury County	1.08%	Wilson County	1.83%
				Lebanon SSD	1.83%

FOX/CBER INDICES FOR FY12

System	CBER INDEX	System	CBER INDEX	System	CBER INDEX
Anderson County	1.13%	Trenton SSD	0.49%	Meigs County	0.12%
Clinton City	1.13%	Bradford SSD	0.49%	Monroe County	0.59%
Oak Ridge City	1.13%	Gibson County SSD	0.49%	Sweetwater City	0.59%
Bedford County	0.54%	Giles County	0.35%	Montgomery County	2.22%
Benton County	0.16%	Grainger County	0.18%	Moore County	0.10%
Bledsoe County	0.10%	Greene County	0.85%	Morgan County	0.15%
Blount County	2.09%	Greeneville City	0.85%	Obion County	0.39%
Alcoa City	2.09%	Grundy County	0.12%	Union City	0.39%
Maryville City	2.09%	Hamblen County	0.99%	Overton County	0.19%
Bradley County	1.36%	Hamilton County	5.99%	Perry County	0.08%
Cleveland City	1.36%	Hancock County	0.05%	Pickett County	0.06%
Campbell County	0.48%	Hardeman County	0.23%	Polk County	0.18%
Cannon County	0.12%	Hardin County	0.41%	Putnam County	1.14%
Carroll County	0.26%	Hawkins County	0.56%	Rhea County	0.37%
H Rock-Bruceton SSD	0.26%	Rogersville City	0.56%	Dayton City	0.37%
Huntingdon SSD	0.26%	Haywood County	0.22%	Roane County	0.82%
McKenzie SSD	0.26%	Henderson County	0.28%	Robertson County	0.85%
South Carroll Co SSD	0.26%	Lexington City	0.28%	Rutherford County	4.06%
West Carroll Co SSD	0.26%	Henry County	0.40%	Murfreesboro City	4.06%
Carter County	0.55%	Paris SSD	0.40%	Scott County	0.22%
Elizabethton City	0.55%	Hickman County	0.19%	Oneida SSD	0.22%
Cheatham County	0.42%	Houston County	0.07%	Sequatchie County	0.17%
Chester County	0.13%	Humphreys County	0.23%	Sevier County	3.09%
Claiborne County	0.32%	Jackson County	0.09%	Shelby County	14.44%
Clay County	0.07%	Jefferson County	0.68%	Memphis City	14.44%
Cocke County	0.41%	Johnson County	0.19%	Smith County	0.20%
Newport City	0.41%	Knox County	7.92%	Stewart County	0.14%
Coffee County	0.77%	Lake County	0.05%	Sullivan County	2.52%
Manchester City	0.77%	Lauderdale County	0.21%	Bristol City	2.52%
Tullahoma City	0.77%	Lawrence County	0.40%	Kingsport City	2.52%
Crockett County	0.11%	Lewis County	0.11%	Sumner County	2.38%
Alamo City	0.11%	Lincoln County	0.37%	Tipton County	0.58%
Bells City	0.11%	Fayetteville City	0.37%	Trousdale County	0.07%
Cumberland County	0.90%	Loudon County	0.92%	Unicoi County	0.20%
Davidson County	14.10%	Lenoir City	0.92%	Union County	0.18%
Decatur County	0.13%	McMinn County	0.75%	Van Buren County	0.07%
DeKalb County	0.26%	Athens City	0.75%	Warren County	0.45%
Dickson County	0.69%	Etowah City	0.75%	Washington County	2.09%
Dyer County	0.49%	McNairy County	0.24%	Johnson City	2.09%
Dyersburg City	0.49%	Macon County	0.21%	Wayne County	0.13%
Fayette County	0.50%	Madison County	1.69%	Weakley County	0.30%
Fentress County	0.19%	Marion County	0.40%	White County	0.26%
Franklin County	0.54%	Richard City SSD	0.40%	Williamson County	5.02%
Humboldt City	0.49%	Marshall County	0.37%	Franklin SSD	5.02%
Milan SSD	0.49%	Maury County	1.27%	Wilson County	1.89%
				Lebanon SSD	1.89%

APPENDIX D

TACIR/FOX MIX FOR FY12					

System	50/50 INDEX	System	50/50 INDEX	System	50/50 INDEX
Anderson County	1.14%	Trenton SSD	0.50%	Meigs County	0.09%
Clinton City	1.14%	Bradford SSD	0.50%	Monroe County	0.51%
Oak Ridge City	1.14%	Gibson County SSD	0.50%	Sweetwater City	0.51%
Bedford County	0.53%	Giles County	0.33%	Montgomery County	2.49%
Benton County	0.15%	Grainger County	0.14%	Moore County	0.08%
Bledsoe County	0.08%	Greene County	0.84%	Morgan County	0.11%
Blount County	1.90%	Greeneville City	0.84%	Obion County	0.41%
Alcoa City	1.90%	Grundy County	0.10%	Union City	0.41%
Maryville City	1.90%	Hamblen County	0.97%	Overton County	0.17%
Bradley County	1.36%	Hamilton County	6.07%	Perry County	0.07%
Cleveland City	1.36%	Hancock County	0.04%	Pickett County	0.05%
Campbell County	0.43%	Hardeman County	0.21%	Polk County	0.15%
Cannon County	0.11%	Hardin County	0.37%	Putnam County	1.14%
Carroll County	0.25%	Hawkins County	0.51%	Rhea County	0.33%
H Rock-Bruceton SSD	0.25%	Rogersville City	0.51%	Dayton City	0.33%
Huntingdon SSD	0.25%	Haywood County	0.21%	Roane County	0.76%
McKenzie SSD	0.25%	Henderson County	0.28%	Robertson County	0.83%
South Carroll Co SSD	0.25%	Lexington City	0.28%	Rutherford County	4.02%
West Carroll Co SSD	0.25%	Henry County	0.39%	Murfreesboro City	4.02%
Carter County	0.50%	Paris SSD	0.39%	Scott County	0.19%
Elizabethton City	0.50%	Hickman County	0.16%	Oneida SSD	0.19%
Cheatham County	0.40%	Houston County	0.06%	Sequatchie County	0.15%
Chester County	0.12%	Humphreys County	0.23%	Sevier County	2.74%
Claiborne County	0.28%	Jackson County	0.08%	Shelby County	16.36%
Clay County	0.06%	Jefferson County	0.58%	Memphis City	16.36%
Cocke County	0.36%	Johnson County	0.15%	Smith County	0.20%
Newport City	0.36%	Knox County	8.02%	Stewart County	0.12%
Coffee County	0.80%	Lake County	0.04%	Sullivan County	2.56%
Manchester City	0.80%	Lauderdale County	0.20%	Bristol City	2.56%
Tullahoma City	0.80%	Lawrence County	0.40%	Kingsport City	2.56%
Crockett County	0.11%	Lewis County	0.10%	Sumner County	2.27%
Alamo City	0.11%	Lincoln County	0.35%	Tipton County	0.56%
Bells City	0.11%	Fayetteville City	0.35%	Trousdale County	0.06%
Cumberland County	0.77%	Loudon County	0.79%	Unicoi County	0.19%
Davidson County	14.30%	Lenoir City	0.79%	Union County	0.13%
Decatur County	0.12%	McMinn County	0.73%	Van Buren County	0.05%
DeKalb County	0.22%	Athens City	0.73%	Warren County	0.44%
Dickson County	0.68%	Etowah City	0.73%	Washington County	2.02%
Dyer County	0.51%	McNairy County	0.24%	Johnson City	2.02%
Dyersburg City	0.51%	Macon County	0.21%	Wayne County	0.11%
Fayette County	0.42%	Madison County	1.76%	Weakley County	0.31%
Fentress County	0.17%	Marion County	0.37%	White County	0.23%
Franklin County	0.46%	Richard City SSD	0.37%	Williamson County	5.06%
Humboldt City	0.50%	Marshall County	0.35%	Franklin SSD	5.06%
Milan SSD	0.50%	Maury County	1.18%	Wilson County	1.86%

APPENDIX E

DISTRICT TRANSPORTATION ALLOCATIONS

System	ALLOCATION	System	ALLOCATION	System	ALLOCATION
Anderson County	2,408,262	Trenton SSD	404,457	Meigs County	631,666
Clinton City	0	Bradford SSD	160,360	Monroe County	2,020,549
Oak Ridge City	909,947	Gibson County SSD	1,004,869	Sweetwater City	0
Bedford County	2,269,548	Giles County	1,407,281	Montgomery County	9,989,340
Benton County	800,605	Grainger County	1,316,477	Moore County	323,058
Bledsoe County	674,226	Greene County	2,284,580	Morgan County	1,118,800
Blount County	4,083,854	Greeneville City	432,062	Obion County	1,239,535
Alcoa City	195,504	Grundy County	599,488	Union City	194,379
Maryville City	794,244	Hamblen County	2,524,801	Overton County	1,205,322
Bradley County	3,299,643	Hamilton County	13,993,671	Perry County	360,875
Cleveland City	968,616	Hancock County	405,555	Pickett County	220,471
Campbell County	1,796,601	Hardeman County	1,430,440	Polk County	801,714
Cannon County	665,951	Hardin County	1,069,134	Putnam County	2,351,864
Carroll County	1,441,204	Hawkins County	2,714,058	Rhea County	1,504,391
H Rock-Bruceton SSD	0	Rogersville City	0	Dayton City	0
Huntingdon SSD	0	Haywood County	1,046,334	Roane County	2,157,776
McKenzie SSD	0	Henderson County	1,158,137	Robertson County	2,732,413
South Carroll Co SSD	0	Lexington City	0	Rutherford County	9,629,793
West Carroll Co SSD	0	Henry County	1,565,986	Murfreesboro City	1,068,576
Carter County	2,110,724	Paris SSD	396,546	Scott County	907,065
Elizabethton City	246,248	Hickman County	1,260,750	Oneida SSD	231,882
Cheatham County	2,012,473	Houston County	471,977	Sequatchie County	654,220
Chester County	930,799	Humphreys County	1,018,907	Sevier County	4,315,891
Claiborne County	1,885,043	Jackson County	535,428	Shelby County	12,517,537
Clay County	337,653	Jefferson County	1,927,790	Memphis City	21,113,571
Cocke County	1,405,498	Johnson County	751,047	Smith County	1,064,359
Newport City	0	Knox County	16,756,332	Stewart County	772,581
Coffee County	1,318,105	Lake County	228,041	Sullivan County	4,258,292
Manchester City	127,542	Lauderdale County	1,391,931	Bristol City	556,266
Tullahoma City	286,222	Lawrence County	2,029,562	Kingsport City	974,963
Crockett County	707,229	Lewis County	548,956	Sumner County	7,134,837
Alamo City	0	Lincoln County	1,217,548	Tipton County	3,934,939
Bells City	0	Fayetteville City	115,542	Trousdale County	408,307
Cumberland County	2,159,758	Loudon County	1,733,024	Unicoi County	787,102
Davidson County	22,935,925	Lenoir City	362,964	Union County	1,162,526
Decatur County	609,399	McMinn County	1,817,390	Van Buren County	240,227
DeKalb County	880,535	Athens City	280,229	Warren County	1,740,809
Dickson County	2,459,677	Etowah City	34,064	Washington County	2,900,974
Dyer County	1,736,333	McNairy County	1,509,656	Johnson City	1,280,739
Dyersburg City	0	Macon County	1,240,939	Wayne County	751,020
Fayette County	1,458,455	Madison County	3,853,299	Weakley County	1,566,590
Fentress County	1,195,802	Marion County	1,265,706	White County	1,259,798
Franklin County	2,062,356	Richard City SSD	0	Williamson County	8,509,251
Humboldt City	183,564	Marshall County	1,434,669	Franklin SSD	1,088,720

Milan SSD	495,353	Maury County	3,632,408	Wilson County	4,379,753
				Lebanon SSD	741,826
Statewide Total	**$269,989,856**				

APPENDIX F

SPECIAL EDUCATION OPTIONS 1-10

Option 1 Consultation

Minimum of 2 contacts per month, except OT/PT (minimum of 3 contacts per year). Time must be reported.

Direct Services equal less than 1 hour per week.

Related Services equal less than 1 hour per week.
Related Services include: Psychological, School Social Work, Speech/Language, School Health, Counseling, Vision, Hearing, Occupational and Physical Therapy.
NOTE: Recreation Therapy and Other Related Services are EXCLUDED.

Option 2 Direct Services

Direct Services more than or equal to 1, but less than 4 hours per week; or, any one Related Service more than or equal to 1, but less than 4 hours per week.

Includes/Excludes same as Option 1.

Option 3 Direct Services

Direct Services more than or equal to 4, but less than 9 hours per week; or, any one Related Service more than or equal to 4, but less than 9 hours per week.

Includes/Excludes same as Option 1.

Option 4 Direct Services

Direct Services more than or equal to 9, but less than 14 hours per week; or, any one Related Service more than or equal to 9, but less than 14 hours per week.

Includes/Excludes same as Option 1.

Option 5 Direct Services

Direct Services more than or equal to 14, but less than 23 hours per week; or, any one Related Service more than or equal to 14, but less than 23 hours per week.

Includes/Excludes same as Option 1.

Option 6 Ancillary Services

Attendant provided so that the student can have at least 4 hours per day in less restrictive and general education settings.

Option 7 Direct Services

Special Education services 23 or more hours per week; or, any one Related Service 23 or more hours per week.

Includes/Excludes same as Option 1.

Option 8 Self-Contained or CDC

The sum of all direct services plus related services listed below plus up to 10 hours per week of special education educational assistant in the general program equals 32.5 or more hours per week.

In addition, at least two Related Services from those specified below must be received for at least the minimum times listed.

Psychological Services	1 hour per week
Counseling Services	1 hour per week
Speech/Language Services	1 hour per week
Vision Services	1 hour per week
Hearing Services	1 hour per week
Occupational Therapy	3 contacts per year, with time span reported
Physical Therapy	3 contacts per year, with time span reported

Option 9 Residential Services

Provided at least 24 hours per day.

Option 10 Hospital / Homebound

Provided 3 or more hours per week.

APPENDIX G

CBER DEFLATOR SCHEDULE

Qtr	State & Local Consumption Purchases JPGSLC Consumption	State & Local Personnel Costs JPGSLCWSS Wages & Salaries	State & Local Fixed Capital & Other Consumption JPGSLCKF & JPGSLCO Noncompensation
1996.1	72.547	70.285	80.315
1996.2	72.611	70.168	80.888
1996.3	73.031	70.717	80.909
1996.4	73.555	71.138	81.662
1997.1	74.058	71.620	82.222
1997.2	74.152	72.048	81.398
1997.3	74.415	72.438	81.248
1997.4	74.938	72.852	82.065
1998.1	74.936	73.222	81.000
1998.2	75.203	73.729	80.590
1998.3	75.669	74.407	80.497
1998.4	76.257	75.274	80.327
1999.1	76.965	76.252	80.309
1999.2	78.037	77.211	81.481
1999.3	79.023	78.081	82.556
1999.4	79.858	78.807	83.567
2000.1	80.915	79.413	85.455
2000.2	81.597	80.081	86.202
2000.3	82.406	80.875	87.012
2000.4	83.428	81.840	87.983
2001.1	84.306	82.883	88.382
2001.2	84.827	83.813	87.972
2001.3	85.059	84.734	86.754
2001.4	84.950	85.404	85.170
2002.1	85.274	85.883	85.177
2002.2	86.123	86.609	86.100
2002.3	86.980	87.752	86.199
2002.4	88.161	89.133	86.689
2003.1	90.103	90.623	89.148
2003.2	90.381	91.971	87.222
2003.3	91.097	92.952	87.234
2003.4	91.645	93.765	87.110
2004.1	92.604	94.531	88.304
2004.2	93.534	95.349	89.526
2004.3	94.772	96.204	91.809
2004.4	96.461	97.257	94.876
2005.1	97.669	98.435	96.053
2005.2	98.983	99.546	97.847
2005.3	100.760	100.446	101.502

2005.4	102.588	101.574	104.601
2006.1	103.331	102.601	104.723
2006.2	104.782	103.676	107.084
2006.3	105.762	104.875	107.732
2006.4	106.315	106.012	107.434
2007.1	108.285	107.740	110.086
2007.2	109.740	108.429	113.070
2007.3	110.931	109.660	114.149
2007.4	112.677	110.621	117.412
2008.1	115.133	112.074	121.704
2008.2	117.669	113.106	127.205
2008.3	119.269	114.145	130.039
2008.4	116.524	115.408	119.294
2009.1	114.971	115.420	114.600
2009.2	115.660	116.378	114.402
2009.3	116.337	116.987	114.949
2009.4	117.019	117.318	116.273
2010.1	118.373	118.034	118.878
2010.2	118.686	118.573	118.693
2010.3	118.842	119.002	118.193
2010.4	120.098	119.517	121.054
2011.1	121.888	120.171	125.318
2011.2	123.229	120.833	128.220
2011.3	123.258	121.416	127.123
2011.4	123.707	121.839	127.715
2012.1	124.251	122.411	128.235
2012.2	124.726	122.936	128.626
2012.3	125.267	123.484	129.162
2012.4	125.853	124.064	129.761
2013.1	126.485	124.704	130.364
2013.2	127.128	125.360	130.960
2013.3	127.773	126.013	131.576
2013.4	128.455	126.702	132.229
2014.1	129.173	127.455	132.845
2014.2	129.862	128.187	133.432
2014.3	130.572	128.935	134.060
2014.4	131.323	129.706	134.779
2015.1	132.108	130.512	135.535
2015.2	132.911	131.324	136.342
2015.3	133.728	132.153	137.157
2015.4	134.564	133.004	137.976
2016.1	135.422	133.896	138.758
2016.2	136.274	134.793	139.490
2016.3	137.128	135.705	140.179
2016.4	137.990	136.636	140.840
2017.1	138.872	137.600	141.473
2017.2	139.742	138.559	142.068
2017.3	140.606	139.527	142.609
2017.4	141.474	140.510	143.115
2018.1	142.358	141.524	143.584

2018.2	143.231	142.533	144.025
2018.3	144.107	143.548	144.458
2018.4	144.996	144.576	144.893
2019.1	145.896	145.626	145.310
2019.2	146.782	146.670	145.687
2019.3	147.668	147.717	146.050
2019.4	148.563	148.776	146.416
2020.1	149.475	149.856	146.778
2020.2	150.378	150.933	147.115
2020.3	151.282	152.012	147.447
2020.4	152.204	153.099	147.824
2021.1	153.155	154.207	148.248
2021.2	154.094	155.309	148.650
2021.3	155.033	156.411	149.041
2021.4	155.984	157.526	149.442

APPENDIX H

DETAILED INSTRUCTIONS FOR CALCULATION OF BEP FORMULA

Appendix G details the actual calculation of the BEP formula by the State Department of Education (DOE) personnel. This information will be of primary interest to DOE personnel, as well as others who seek to understand the detailed calculation of BEP funding. The files referred to, and the links contained therein, reside on the server at the DOE, and are accessible to appropriate staff members.

Calculating the Basic Education Program (BEP)

The BEP Blue Books details current teacher to pupil funding ratios along with current unit costs for all components in the BEP and is accessible at www.tn.gov/sbe/bep.html.   Any changes in funding ratios, deletions, additions, or structural changes to the BEP formula must first be approved by the State Board of Education and/or the General Assembly. The Department of Education is authorized annually to update unit costs based on inflation and salaries as specified in the Appropriations Act. Also, each year's fiscal capacity indices and Cost Differential Factors (CDF) may be incorporated into the formula without prior approval.

The BEP file is maintained and calculated by the Office of Local Finance within the Department of Education.

The calculation instructions are divided into four major sections:

     I. The Budget File
    II. Calculating April, May and June Estimates and the July Final File
    III. January Revised BEP File
    IV. BEP Growth Calculation and Payments to LEAs

    Exhibit 1 Function of the Tabs in the BEP File
    Exhibit 2 Checklist of BEP Component Updates
    Exhibit 3 Volunteer School System – sample allocation sheet

BEP timeline:

Month	Day	Activity
July	01	Year-End ADMs due from LEAs
	05	Final BEP Allocations sent to LEAs
	05	Summary Funding Sheets sent to LEAs
	15	Transportation Report Due from LEAs
August	01	Annual Financial Report expenditure data due from LEAs
	15	Inflation factors due from Department of Finance and Administration
September	15	Budget due to DOE Budget Office
October	15	Textbook data due from Office of Curriculum and Instruction
	15	Testing data (SAT, ACT, Work Keys) from Office of Assessment and Evaluation
	15	1st month ADMs due from LEAs
November	01	Health Insurance premium data from Department of Finance and Administration
	01	Receive RS Means Square Footage Costs publication
	15	2nd month ADMS due from LEAs
December	01	CDF from UT-CBER ($25,194 contract)
	01	Mid-year health insurance premium increase data due from Department of Finance and Administration
	15	3rd month ADMs due from LEAs
January	01	January revised allocations sent to LEAs
	15	4th month ADMs due from LEAs
	20	Download ADMs for Growth allocations
	30	Get Free and Reduced eligible data from Office of School Nutrition
February	01	1st growth payment to LEAs
	01	Get ELL October headcount from Office of Federal Programs
	15	5th month ADMs due from LEAs (school based and system totals)
March	01	Fiscal capacity index from TACIR ($50,800 contract)
	15	6th month ADMs due from LEAs
April	05	April Estimated BEP allocations sent to LEAs
	15	7th month ADMs due from LEAs
May	05	May Estimated BEP allocations sent to LEAS
May	15	8th month ADMs due from LEAs
June	05	June Estimated BEP allocations sent to LEAs
	15	75% of final BEP payment sent to LEAs
	15	9th month ADMs due from LEAs
	30	25% of final BEP payment sent to LEAs (adjusted for growth)
	30	Final growth payment sent to LEAs
	30	Vocational and transportation data from Vocational Education

I Budget File

NOTE: For purposes of this document, FY13 is the fiscal year for which we are budgeting and 2010-2011 is the fiscal year just completed.

The BEP file is an Excel workbook comprised of several worksheets. The department starts with the July Final file from the previous fiscal year as the basis for the budget file. The budget file then becomes the basis for the April Estimate. In like manner each succeeding file becomes the basis for the next file. The order of BEP files is as follows: Budget, April Estimate, May Estimate, June Estimate, July Final, January Revised, and Growth. Finance and Administration may request several updates to the Budget file prior to the April Estimate.

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File Location: H:\Local Finance\FY12\July\FY12 July Final.
New file saved as: H:\Local Finance\FY13\budget\FY13 budget.

A. Update Average Daily Membership (ADMs)

Based on total ADMs from the previous three years, the department estimates a percentage that ADMs will grow during the current year.   A formula is inserted into the ADMs tab that inflates the regular, vocational and special education ADMs from the previous year by the estimated growth percentage. (This formula is inserted in each grade, system vocational, vocational education total, each special education option, elementary subtotal, middle subtotal, high school subtotal, 11[th] grade, and 12[th] grade Vocational estimate.)

B. Update 3yr Avg (3 Year Average) Unit Costs:

File Location: H:\Local Finance\FY12\Budget\Unit Cost\2012 Unit Cost.
New file saved as: H:\Local Finance\FY13\Budget\Unit Cost\2013 Unit Cost.

1. Inflation Indices
The department requests the current year's **Price Deflators for Government Purchases** from Finance and Administration. In the Inflation tab, a column is inserted for 2013. Using the Price Deflators, all previous years' quarter 2 indices are replaced, and the quarter 2 indices for **2013** in the Inflation tab are inserted as follows: consumption to combined, wages and salaries to compensation, and non-compensation to non-compensation. All three percentage changes for 2013 are also calculated in the Inflation Tab, current year.

*NOTE: In steps 2-6 below, the **higher** of the current year's unit cost or the inflated 3 year average as the unit cost is used in the BEP budget file. This maintains at least current year's unit costs for these components.*

2. Equipment, Supplies and Materials, Travel, and Substitutes

The department uses Discoverer to query expenditures for the fiscal year just completed from the Annual Financial Report to input into the Equipment, Supplies and Materials, Travel, and Substitutes tabs. The oldest year's data is deleted in each tab, and the latest year's data is copied forward and titled as the fiscal year just completed. Amounts from the appropriate query are used to overwrite the amounts in the column for the fiscal year just completed. Listed below are the account codes from the State Chart of Accounts that are used run each query.

Equipment

Regular Instruction	Special Education	Vocational Education	Alternative Education	Non-Instructional
71100-722	71200-725	71300-730	71150-790	72320-701
72110-704	72220-790	72230-790	72215-790	72410-701
72120-735				72510-701
72130-790				72610-720
72210-790				72620-701
				72620-717
				72810-701
				72810-709
				72810-790

Supplies and Materials

Regular Instruction	Special Education	Vocational Education	Alternative Education	Fee Waivers
71100-429	71200-429	71300-429	71150-429	71100-535
71100-499	71200-499	71300-499	71150-499	71150-535
72130-499	72220-499	72230-499	72215-499	71200-535
72210-499				71300-535

Travel

Regular Instruction		Special Education	Vocational Education	Alternative Education
72130-355	72130-524	72220-355	72230-355	72215-355
72210-355	72210-524	72220-524	72230-524	72215-524
72110-355	72110-524			
72120-355	72120-524			
72410-355	72410-524			

Substitute Teachers

71100-195	71150-195	71200-195	71300-195	72210-195
71100-198	71150-198	71200-198	71300-198	72210-198
71100-369	71150-369	71200-369	71300-369	72210-369
71100-370	71150-370	71200-370	71300-370	72210-370

3. 3 yr avg tab

The 3 yr avg tab is used to calculate a three year average per pupil expenditure for Regular Instructional Equipment, Vocational Equipment, Special Education Equipment, Non-Instructional Equipment, Regular Instruction Materials and Supplies, Vocational Education Materials and Supplies, Special Education Materials and Supplies, Regular Travel, Vocational Education Travel, Special Education Travel, Academic Exit Exams, and Vocational Exit Exams. Each line item pulls from the appropriate tab within the workbook.

Regular Instruction Equipment is the sum of Regular Instruction Equipment and Alternative Instruction Equipment. Regular Materials and Supplies is the sum of Regular and Alternative Materials and Supplies, and Regular and Alternative Fee Waivers. Vocational Education Materials and Supplies is the sum of Vocational Materials and Supplies and Vocational Fee Waivers. Special Education Materials and Supplies is the sum of Special Education Materials and Special Education Fee Waivers.

In the 3 yr avg tab, 2 columns are deleted—the oldest year of expenditures and the oldest year of per pupil expenditures. Then two columns are inserted, one for the latest year of expenditures and another for the latest year of per pupil expenditures. Formulas are pasted into the latest year of expenditures column that pull from the correct tab and correct year within that tab. Formulas that calculate the per pupil expenditure for this year are entered In the latest year of per pupil expenditures. In this column, the Regular, Vocational, and Special Education ADMs for the school year just completed are entered. Finally, the 3 YR AVG column is verified to be the average of the per pupil expenditure for the previous three years.

In cell J11 (2011-12), the department changes the formula to include the non-compensation percentage inflation for the current fiscal year (2011-2012) from the inflation tab. In cell K11 (2012-13), the department changes the formula to include the non-compensation percentage inflation for the upcoming fiscal year (2012-13). Column J inflates the three year average to the current fiscal year. Column K then inflates the average from column J to the upcoming fiscal year. Column L then rounds the amount from column K to the nearest $.25. In column M, the department enters the unit costs used in the current year's BEP file.

4. Substitutes

The department inserts the previous year's substitute expenditures into the Substitutes tab. It then calculates the three year average expenditures per pupil. This amount is inflated up two fiscal years by multiplying it by the compensation inflation index, and rounded to the nearest $.25. Finally the department records the previous year's substitute unit cost.

5. Textbooks

The department request BEP sales forecast from the Office of Curriculum and Instruction, Textbook Services. For the fiscal year just completed, the actual costs of textbooks are input into the Books tab. The three year average for textbooks calculates in the 3 yr avg tab. Finally, the department enters the unit cost used in the current year's BEP into Column M**.**

6. Academic and Vocational Exit Exams

In the ACT tab, the department enters the current year cost of the ACT, SAT, and Work Key exams, as well as the current year's number of purchases of ACT and SAT to arrive at the weighted average cost of SAT and ACT. Each year's average cost is pulled into the **3 yr avg** tab, which inflates the three year average forward two years. In Column M on 3 yr avg tab, enter The unit costs used in the current year's BEP file are entered in Column M on 3 yr avg tab.

7. Alternative Schools, Duty Free Lunch, Maintenance and Operations

In the other costs tab, the department inflates up the previous year's unit cost for Alternative Schools per Regular ADM, Alternative Schools per 7-12 and Vocational ADM, Duty Free Lunch, and Maintenance and Operations by multiplying them times the combined inflationary rate for the upcoming fiscal year.

8. Enter new Unit Costs into BEP budget spreadsheet.

The department Inputs the unit costs calculated in steps 2-7 above into the appropriate row of Column B of the Assumptions tab in the BEP budget file.

C. Update Additional Unit Costs

The department enters additional unit costs from appropriate sources directly into Column B of the Assumptions tab of the BEP budget file.

1. State Funded Percentages

The state funded percentages of 70% for instruction, 75% for classroom, and 50% for non-classroom change only if legislation is passed to change the state funding percentages for these categories.

2. FICA and TCRS rates

The current FICA rate of 7.65% changes only if the combined employer's tax rate for social security and Medicare is changed by Congress. TCRS provides the department with both the certified and non-certified retirement rates.

3. Health Insurance Premium

The average teacher group health insurance annual premium as determined by F&A is entered by the department four times into: 1) Instructional Insurance, 2) Other Classroom Insurance, 3)Non Classroom Insurance, and 4)Superintendent and Technology Coordinator Insurance. The resulting premium amounts arrived at in Column D are used in the formula.

> ***Explanation of Pre-determined factors (Column C of the Assumptions tab)***
> To determine the factor used to calculate the instructional insurance component, the minimum (45%) of the average premium that the state pays is divided by 70%, because the state pays 70% of instructional component costs. This factor (.64) in Column C is then multiplied by the average premium to arrive at the premium in Column D. 45% of the total annual average premium is derived when the premium amount from column D is multiplied by the equalized state percentage for instructional components of 70%.
>
> Factors of (.60), (.60), and (.90) respectively, are multiplied times the average premium in Column B to arrive at the health insurance premium used in the formula for Classroom, Non-Classroom, and Superintendent/Technology Coordinators. These factors ensure that on average the state pays 45% of the average premium for educational assistants, superintendents, and technology coordinators and 30% of the average premium for the non-classroom positions of system secretaries, school secretaries, and custodians.

4. Percent Personnel

The formula allocates 45% of Transportation costs and 60% of Maintenance and Operation costs to personnel in the non-classroom category. These percentages do not change.

5. School Building Construction

This section includes the factors necessary to calculate the capital outlay funds generated in the non-classroom category. Only the cost per square foot for elementary, middle, and high schools are changed annually.

The department calculates the costs per square foot using the following spreadsheet:
     H:/Local Finance/FY13/budget/unit costs/3 yr avg sq. ft. cost.

In this spreadsheet, the department inserts the current square footage costs by type of school and related architect costs from the RS Means Square Footage Costs publication. In addition, the current year's city cost indices for Tennessee are entered into the spreadsheet. The three year average construction costs net of the three year average architect's fees are multiplied by the three year average Tennessee city cost index. These subtotals are then inflated up one year by multiplying those times the non-compensation inflation factor for the budget year. The result is rounded to the nearest dollar. Finally, these square footage amounts are reduced by $14 for elementary and by $12 for middle and high schools in accordance with TCA 49-3-351(a)(4).   The department inputs the resulting square footage costs by school type into Column B of the Assumptions tab of the BEP budget file. The Capital tab calculates the total capital outlay generated for each system.

6.   Salaries
In Column B of the Assumptions tab, the department inputs the salary unit cost used in the current year's BEP file for: Teacher Certificated, Other Certificated, Nurses, Teacher Aides, School Secretaries, System Secretaries, Custodians, and Superintendents.

These salaries are multiplied by a raise factor in Column C.   For Teacher Certificated, Other Certificated, and Nurses, the department inputs a factor of "1" plus the percent state raise (as determined by F&A) and the percentage increase for Training and Experience. (For example a factor of 1.0275 may indicate a raise of 2.5% with a Training and Experience increase of .25%.) The department calculates the training and experience percentage by dividing the current year's FTE state salary amount (taken from the current year's PIRS December 1 file) by the previous year's FTE state salary amount (taken from the previous year's PIRS December 1 file).

In Column C, for the remaining salaries, the department inputs a factor of "1" plus the same percentage state raise from above. The resulting salaries in Column D are used in the formula.

D. Update Transportation Allocations

1.   Transportation
File Location: H:\Local Finance\FY12\budget\unit cost\2012trans.xls
New file saved as: H:\Local Finance\FY13\ budget\unit cost\2013trans.xls.

The department Inserts the total transportation expenditures by district for the fiscal year just completed (2011) into the Expenditures tab.   The oldest year's expenditure data is deleted. The previous two years' expenditures are inflated up to (2011) using the appropriate inflationary factors calculated in the Assumptions tab of the BEP budget file. (Each year's transportation inflation index is the sum of 45% of that year's compensation index and 55% of that year's non-compensation index.) The three year average expenditures are calculated in (2011) dollars and

inflated up two years (2012 and 2013) using the appropriate fiscal years' transportation inflation indices.

The department pulls ADT (average daily students transported), Special Education ADT, and daily one-way miles driven for the fiscal year just completed (2011) from LEAs' Transportation reports. These counts along with the previous year's ADM are inserted into the Counts tab. The oldest year's data is deleted. This tab then calculates the three year average ADT, Special Education ADT, one-way miles driven, and ADM.

For each district providing transportation, the Regression tab calculates the dependent variable of transportation cost per ADM. It also calculates the independent variables of ADT per ADM, Miles per ADM, and Special Education ADT per ADM. A fourth independent variable of type indicates whether or not the district is a county or non-county district (a value of 1 is for a county district and a value of 0 is for a non-county district).

Given these independent variables and the dependent variable, the department use the multi-variable linear regression tool *(named Regression)* in Excel to calculate coefficients for each variable. The new coefficients are input into the Regression tab. Based on these coefficients, this tab calculates a Transportation Cost per ADM for each district. The Results tab then multiplies the Transportation Cost per ADM by each district's ADM to arrive at a Predicted Cost (of Transportation). The calculated Predicted Costs are inserted into the Total Transportation column in the Non-classroom tab of the BEP budget file.

2.   Vocational Center Transportation
File Location: H:\Local Finance\FY12\budget\unit cost\Vocctr12.xls
New file saved as: H:\Local Finance\FY13\budget\unit cost\Vocctr13.xls.

In the Vocctr tab, the department links each district to the FTE ADM times one way mileage total from the Vocational transportation report obtained from Vocational Education.   In the Unit Cost tab, the previous year's unit cost is inflated up one year using the budget year's non-compensation index. The Vocctr tab then multiplies each district's FTE ADM one-way mileage times this unit cost to arrive at each district's allocation. The department pastes these allocations from the Vocctr tab into the Vocational Center Transportation column in the Classroom tab of the BEP budget file.

E.   Finishing the Initial Budget File
Once the department has updated ADMs, transportation allocations, vocational transportation allocations, and all unit costs for which data is available, five final steps need to be completed before the budget file is submitted to F&A.

NOTE: In the current year, each system should receive the greater of 1) the total state BEP funds it generates or 2) the sum of its stability or baseline amount plus mandatory increase.

1. **Update Stability Values**
The department copies the total state funding amounts from Column K of the BEPFINAL tab of the previous year's July Final file and pastes them into Column O (Stability Value) of the BEPFINAL tab of the budget file.

2. **Update values for Mandatory Increase**
The values in Cells C3:C6 in the Insurance tab are updated to include the applicable health insurance premium amounts from the previous year's July Final file Assumptions tab.

3. **Run the Mandatory Increase Macro**
NOTE: Macros must be activated before this step can be completed.

For this step, the *Calculate the Mandatory Increase on Stability* macro is used. The Assumptions tab contains the macro button. This macro requires the input of the certificated health insurance premium from the previous year and current year, certificated raise, and previous year and current year certificated and non-certificated TCRS rates. Column AJ in the BEPFINAL tab then calculates the mandatory increase amount for systems on stability.

4. **Total BEP Funding**
The total BEP funding each district is projected to receive is reflected in Column V of the BEPFINAL tab. The values in Column V are the greater of 1) the total state BEP funds that a system generates or 2) the sum of its stability or baseline amount plus mandatory increase.

5. **Reconciling**
After the BEP is calculated, a fellow staff member in the Office of Local Finance checks the calculation, beginning with the previous year's July Final file and updating it with all of the above changes. Each time the BEP file is calculated, the various inputs are sent to the other staff member to include in his/her version of the BEP file. If these inputs are loaded correctly in the staff member's BEP file, the total allocations in Column V of both BEP files should agree. If the totals do not agree, the discrepancies are investigated and necessary corrections made in either file until the total allocations in each file agree.

II   Calculating April, May, and June Estimates and July Final file

Beginning in April, BEP estimates are sent to the LEAs. The budget file becomes the basis for the April Estimate file. The April Estimate is the basis for the May Estimate. The May Estimate is the basis for the June Estimate. The June Estimate is the basis for the July Final. Each of these files is compiled in the corresponding month.

A.   Update Additional Counts

1.   At Risk Counts
The department obtains the number of free and reduced lunch eligible children (At Risk) as filed on the previous October USDA reimbursement claims from the Office of School Nutrition. The At Risk counts are inserted into the At Risk tab of the BEP file.

2.   ELL Counts
The department obtains the number of ELL (English Language Learners) children for the previous year from the Office of Federal Programs. The ELL numbers are inserted into the ELL column of the ADMs tab of the BEP file.

B.   Update CDF and Fiscal Capacity

1.   CDF (Cost Differential Factor)
In 2007 the Tennessee General Assembly passed BEP 2.0. As a result, the CDF was eliminated from the BEP formula. However, because BEP 2.0 has not been fully phased in, LEAs with CDF adjustments receive 50% of their CDF adjustment.

The department obtains current CDF factors from the University of Tennessee, Center for Business and Economic Research (CBER). A new column in the CDFs tab of the BEP budget file is inserted, and the current CDF factors are copied into that column. The current indices are multiplied by 50%. Column C is linked to this 50% CDF column. Column C is linked to salary and benefit calculations in the instructional, classroom, and non-classroom tabs of the BEP file.

2.   How Fiscal Capacity is used in the BEP Formula
On average, the state funds 70, 75, and 50 percent of the total BEP generated instructional, classroom, and non-classroom categories, respectively. However, each district's state and local share of these categories varies based on its fiscal capacity. Counties with high fiscal capacity are required to fund a greater portion of the total BEP generated dollars with local funds.

Each county's index is the proportion of its fiscal capacity to total statewide fiscal capacity. The indices are expressed as a percentage and all 95 county indices total 100%.

Currently, each district's fiscal capacity index is a 50/50 blend of its county's TACIR index and CBER index. The blended indices feed into the Equalizing tab of the BEP file.   In the Equalizing tab, the total BEP generated dollars for the instructional, classroom, and non-classroom categories are multiplied respectively by the average state funding percentages

of 70, 75, and 50. The total state funds for each category are subtracted from the total BEP generated funds for each category to arrive at the total local funded amounts of each category. The total local funded amount of each category is multiplied by each county's blended fiscal capacity index to determine the amount of each category that that county will fund. Based on ADMs, multiple districts within the same county are allocated a proportionate share of their county's local funded amount.

3. TACIR (Tennessee Advisory Commission on Intergovernmental Relations) Fiscal Capacity Index

The department obtains the current fiscal capacity indices from TACIR. A new column is inserted in the TACIR tab of the BEP file. The current indices are pasted into the new column. Column C is updated to reflect the current fiscal capacity indices. Column C is linked to the TACIR-FOX Mix tab of the BEP file.

4. CBER (Fox) Fiscal Capacity Index

The CBER fiscal capacity index is also referred to as the Fox fiscal capacity index, because it was developed by UT economist, Dr. Bill Fox.

The department obtains the current fiscal capacity indices from the University of Tennessee, Center for Business and Economic Research (CBER). A new column is inserted into the FOX tab of the BEP file. The current indices are pasted into the new column. Column C is updated to reflect the current fiscal capacity indices. Column C is linked to the TACIR-FOX Mix tab of the BEP file.

5. TACIR-FOX Mix tab

In the TACIR-FOX Mix tab, the Prior Scenario column is linked to the previous year's fiscal capacity indices. The Current Scenario column calculates the blended fiscal capacity index. This calculation limits the change that can occur in the index from the previous year to 30%. A column for the current year's fiscal capacity indices is inserted. The indices from the Current Scenario column are pasted into the column that was inserted. Column C reflects the current blended fiscal capacity indices and links to the Equalizing tab in the BEP file.

C. Update ADMs and School Based Positions

1. Update ADMs

LEAs report the number of students identified and served in special education (I&S) and regular and vocational ADMs by funding period or month via an upload into the Education Information System (EIS). Each funding period or month consists of twenty instructional days. ADMs and I&S from the first reporting period are due on October 15. ADMs and I&S from the second period are due on November 15. Each successive period's ADMs and I&S are due 30 days from the prior submission.

Following each month's reporting deadline, Local Finance staff members query EIS and aggregate the ADMs and I&S into a spreadsheet named *XX ADMs – budget*, where *XX* represents the current fiscal year and *budget* represents the BEP file being compiled.

Each ADMs spreadsheet is located in
H:\Common\FNA\Finance\SCHFINAN\BEP\ADM\SY20XX\budget, where *XX* represents the current fiscal year and *budget* represents the BEP file being compiled.

BEP funding is based on weighted average ADMs for periods 2, 3, 6, and 7. Period 2 is weighted 12.5%. Period 3 is weighted 17.5%. Period 6 and period 7 are weighted 35% each. As ADMs and I&S are collected throughout the year, the most recent period downloaded substitutes for any of the weighted periods that have not been submitted.

In the BEP file, the department edits the links to the previous ADMs spreadsheet to the appropriate month's ADMs file. The ADMs and I&S link to the ADMs tab of the BEP file. When calculating the estimates for LEAs, the estimated growth factor from the budget file is not used. Instead, current year ADMs as available are used.

2. Update School Based Positions
LEAs report ADMs by school for the fifth funding period or month. Local Finance staff members compile these ADMs by school into a spreadsheet named 20*XX School Based Positions,* where *XX* represents the current fiscal year. This spreadsheet calculates the number of librarians, library assistants, principals, assistant principals, and school secretaries that each LEA earns based on school staffing ratios detailed in the BEP Blue Book. Each School Based Positions spreadsheet is located in
H:\Common\FNA\Finance\SCHFINAN\BEP\ADM\SY20XX\budget, where *XX* represents the current fiscal year and *budget* represents the BEP file being compiled.

In the BEP file, the department edits the links to the previous School Based Positions spreadsheet to the appropriate month's School Based Positions file. The number of school based positions link to the Positions tab in the BEP file.

3. Update Charter Schools Capital Calculation
In the Charter Schools tab, the list of current charter schools is updated (including those opening during the upcoming school year.) Each charter school's enrollment is updated by grade to reflect each school's year end enrollment. Projected enrollment is used for new charter schools. The non-classroom percentage for each LEA is changed to reflect the current year's value. The calculations are reviewed to ensure that each charter school will receive the proper amount of capital outlay funds based on its enrollment. One-tenth of these charter school capital outlay amounts will be withheld from the host LEA and paid monthly directly to the respective charter school by the department.

D. Finishing the current BEP file and July Final
Once the CDF, fiscal capacity, and ADMs and I&S have been updated, the mandatory increase macro is run (as detailed above.) Again, total BEP allocations for each LEA are reflected in Column V of the BEP Final tab. (ADMs and I&S may be updated multiple times as ADMs are downloaded. As a result, multiple BEP files may be created and compiled throughout the year until the July Final file is compiled.)

The department emails each LEA their How To and Allocation sheets as each month's BEP file (April, May, June, and July) is completed.

In early July, the department downloads ADMs and I&S and verifies the data for accuracy. After reviewing and making any necessary corrections, these ADMs and I&S are linked into the July Final BEP file. Finally the mandatory increase macro is run. Total Allocations from the BEP Final tab are the amounts LEAs will be funded in the upcoming fiscal year. One-tenth of this final allocation is paid to the LEAs starting on August 15 and on the fifteenth day of each succeeding month through April 15, and the remainder due each LEA shall be paid in June. The department submits this file to F&A.

III January Revised BEP

If there is a health insurance premium increase in January, the department updates the health insurance premiums in the Assumptions tab of the previously completed July Final BEP file using the premium amount from F&A. (The FY13 July Final file is updated to become the FY13 January Revised file.) The mandatory increase macro is rerun. The difference between each LEA's January Revised BEP allocation and allocation from the July Final file is divided by five and added to each LEA's original monthly allocation. These revised monthly allocations are paid to the LEAs starting January 15 and on the fifteenth day of each succeeding month through April 15. The final payment will be paid to the LEAs in June.

IV BEP Growth Calculation and Payments to LEAs

TCA 49-3-351(d) states "If the LEA's current year ADM and I&S, taken as a whole, exceeds by more than two percent (2%) the prior year's ADM and I&S, taken as a whole, then that LEA's allocation of state funds shall be calculated on the basis of the current year's ADM and I&S less the first two percent (2%) by which it exceeds the prior year's ADM and I&S. If the funds appropriated for that purpose are insufficient to provide for the LEA's increased allocations, the commissioner shall apply a pro rata reduction to the increased amount each LEA is otherwise eligible to receive. If the funds appropriated for that purpose exceed the amount required to fund growth in excess of two percent (2%), then that percentage may be lowered to a percentage that may ensure that all funds appropriated are allocated and disbursed to LEAs. An estimated fifty percent (50%) of the appropriated amount shall be distributed to such an eligible LEA by February 1, with the remainder, subject to any adjustment of numbers by the department of education that may affect the remaining amount, to be distributed by the following June 30."

Each year in January, BEP growth funding is calculated by using current ADMs and I&S in the previous year's July Final file. For example, in January 2012, ADMs and I&S from the 2011-2012 school year would be used in the FY12 July Final file. First the current year's ADMs and I&S are linked into the July Final file and saved as FY12 Growth. For each LEA, the department calculates the variance between the BEP allocation from Column T of the BEP Final tab in the Growth file and the BEP allocation from Column V of the BEP Final tab in the July Final file. All positive variances as a result of this calculation added together represent 100% growth funding. If this aggregate amount does not exceed the appropriation for BEP growth funding, then those LEAs with growth would receive half their growth amount on February 1.

However, if 100% growth funding exceeds the appropriation for growth, then the department recalculates the Growth file using current year's ADM and I&S less the first two percent (2%) by which it exceeds the prior year's ADM and I&S. The department again calculates each LEAs' variance between the BEP allocation in Column T of the BEP Final tab in the Growth file and the BEP allocation in Column V of the BEP Final tab in the July Final tab. Should the sum of all positive variances exceed the appropriation of growth, the department recalculates the Growth file using higher percentages of ADM growth until the calculated growth funding amount is equal to the appropriation amount. Likewise, should the 2% growth funding amount be less than the appropriation for growth, the department recalculates the Growth file using lesser percentages of ADM growth until the calculated growth funding amount is equal to the appropriation amount. After arriving at the calculated growth funding amount, one-half of the estimated growth is distributed to the LEAs on February 1.

This same process is repeated in June to calculate the final growth funding for LEAs. On June 30, LEAs are paid any remaining growth funds that were not paid to them in February. If an LEA were paid estimated growth funds in February and as result of the June calculation it generated no growth funds, the amount of the February growth payment is withheld from that LEAs June 30 BEP payment.
The June growth calculation completes a full year's cycle of BEP calculations.

Exhibit 1: Function of tabs in the BEP file

ADMs—contains regular and vocational ADMs and Special Education I&S, along with student counts in Elementary, Middle, and High Schools, also details ELL students and number of students taking ACT in 11th grade and vocational students taking Work Keys exam in 12th grade.

ADM history—each time ADMs are updated, a macro can be run to paste the ADM values into this tab

Assumptions—all unit costs and funding ratios are input on this tab

At Risk—contains the count of students eligible for free and reduced lunch

BEP Final—details the amount of state funding generated amounts in instruction, classroom, and non-classroom categories, also adds any stability, baseline, and mandatory increase amounts to arrive at the total BEP allocation for each LEA

BEP Allocation—a printable detail of an individual LEA's state and local funding in each category and in total

CDFs—contains the Cost Differential Factors for each LEA

Classroom—calculates the funding amounts for classroom components

Equalizing—using the fiscal capacity indices, allocates the local funded amounts by category to each LEA

Equipment—calculates equipment dollars earned in classroom and non-classroom categories

FOX—contains the CBER fiscal capacity indices for each LEA

How to—a printable detail of calculations to arrive at an individual LEA's positions and dollars earned in each category

Instructional—calculates the funding amounts for instructional positions and benefits

Insurance—details the health insurance premiums earned in each category

Mandatory Increase—a printable detail of calculation to arrive at an individual LEA's mandatory increase

Non-Classroom—calculates the funding amounts for non-classroom components

Positions—based on funding ratios, calculates all positions earned

TACIR—contains the TACIR fiscal capacity indices

TACIR-FOX mix—calculates fiscal capacity indices by averaging TACIR and CBER indices

Exhibit 2: Checklist of BEP component updates

Unit Costs and Other Costs:
Inflation Indices
Equipment   (Instructional, Vocational, Special Ed, Non-Instructional)
Materials and Supplies   (Regular, Vocational, Special Ed)
Travel   (Regular, Vocational, Special Ed)
Exit Exams (Academic, Vocational)
Substitutes
Textbooks
Alternative Schools
Duty-Free Lunch
Maintenance and Operations per pupil
Certified and Non-Certified Salaries
Certified and Non-Certified TCRS rates
Health Insurance Premiums
Construction costs/square foot (elementary, middle, and high)
Regular Transportation allocations
Vocational Transportation allocations
Update Student Counts:
ADMs (Regular , Vocational)
Special Ed Identified and Served
School based positions
ELL
At Risk
Charter School enrollment
Update other factors:
Stability values from prior year
CDF
TACIR fiscal capacity indices

EXHIBIT 3: VOLUNTEER COUNTY 2011-2012 BEP ALLOCATION

Volunteer County

Instructional Components

Position Classification	ADMs		Ratio		Positions	Notes/Minimums/Maximums/Totals
Instructional						
Teachers						
Regular						
K-3	984	÷	20.0	=	49.00	
4-6	754	÷	25.0	=	30.00	
7-9	688	÷	25.0	=	27.50	ratio adjusted for duty-free period (one of six)
10-12	527	÷	22.08	=	24.00	ratio adjusted for duty-free period (one of six)
Career Technical	191	÷	16.67	=	11.50	ratio adjusted for duty-free period (one of six)
Special Education						FTE voc. ed. served
Option 1	104	÷	91	=	1.00	
Option 2	122	÷	73	=	1.50	
Option 3	88	÷	46	=	2.00	
Option 4	91	÷	25	=	3.50	
Option 5	53	÷	15	=	3.50	
Option 6	0	÷	2	=	0.00	
Option 7	46	÷	10	=	4.50	
Option 8	16	÷	6	=	2.50	
Option 9	0	÷	0	=	0.00	
Option 10	3	÷	10	=	0.50	
ESL	22	÷	30	=	0.50	
Translators	22	÷	300	=	0.00	
Art						
K-6	1,738	÷	525	=	3.50	
Music						
K-6	1,738	÷	525	=	3.50	
Physical Education						
K-4	1,244	÷	350	=	3.50	
5-6	493	÷	265	=	2.00	
Librarians						
K-8						
(see Blue Book)					5.00	
9-12						
(see Blue Book)					2.00	
School Counselors						
K-6	1,738	÷	500	=	3.50	
7-12 + Voc. Ed.	1,405	÷	350	=	4.00	min = one per county, split based on share of total ADM
Supervisors						FTE voc. ed. served at home system
Sys-wide Instr.						
(see Blue Book)					4.00	
Sp. Ed.	524	÷	750	=	0.50	
Vocational	191	÷	1,000	=	0.00	
Sp. Ed. Assess.	524	÷	600	=	1.00	
Principals						
(see Blue Book)					7.50	
Asst. Principals						
Elementary (k-8)						
see Blue Book					0.00	
Secondary (9-12)						
see Blue Book					1.00	
Other Professional						
Social Workers	use share				1.50	min = one per county, split based on share of total ADM
Psychologists	use share				1.50	min = one per county, split based on share of total ADM
Total All Professional Positions					205.50	
System BEP Instructional Salary				x	$38,700.00	
County CDF				x	100.00%	
Total Salary Allocation					$7,952,850	------------> $7,952,850
Combined Social Security & Retirement Rates				x	16.70%	
Total Social Security & Retirement Allocation					$1,328,126	------------> 1,328,126
Total All Professional Positions					205.50	
Insurance Premium Amount				x	$4,751.85	
Total Insurance Premium Allocation					$976,506	------------> 976,506

Total Allocation for Professional Education Positions		$10,257,482 ---->	**$10,257,482**
State Percent for Instructional Components		x	81.75%
Total State Instructional Allocation			**$8,385,800**

Classroom Components

Nurses	3,198	÷	3,000	=	1.00	min = one per system	
Salary Allocation					38,700.00		
Total Salary Allocation for Nurses					$38,700.00	------------>	$38,700

Assistants

Instructional							
K-6	1,738	÷	75	=	23.00		
Special Education							
Options 5,7,8	115	÷	60	=	2.00		
Library							
see Blue Book					0.50		
Total All Assistant Positions					25.50		
Salary Allocation for Assistants			x		$19,300.00		
Total Salary Allocation for Assistants					$492,150	------------>	492,150
Total Salary Allocation for Nurses and Assistants					$530,850	<------------	$530,850
County CDF			x		100.00%		
Total Salary Allocation for Nurses and Asst. w/CDF					$530,850	------------>	$530,850
Combined Social Security & Retirement Rates			x		18.17%		
Total Social Security & Retirement Allocation					$96,455	------------>	96,455
Total All Non-professional Education Positions					26.50		
Insurance Premium Amount			x		$4,435.06		
Total Ins. Allocation for Nurses and Assistants					$117,529	------------>	117,529
Total Allocation for Nurses and Assistants						$744,835 ---->	744,835

Other Classroom Allocations

At Risk						
Total Eligibles	1,907	x	$509.46	=	$971,540.22	
Substitute Teachers						
Total ADM	3,198	x	$58.00	=	$185,476.49	
Alternative Schools						
Total ADM	3,198	x	$3.30	=	10,552.97	
7-12 + CTE	1,405	x	$28.75	=	40,407.96	FTE voc. ed. at home system
Duty-free Lunch						
Total ADM	3,198	x	$10.50	=	33,577.64	
Textbooks						
Total ADM	3,198	x	$76.75	=	245,436.56	
Classroom Materials & Supplies						
reg. k-12 + Opt. 7-9	3,007	x	$74.50	=	224,012.10	
Career Technical	191	x	$157.75	=	30,129.73	FTE voc. ed. served
Sp. Ed.	524	x	$36.50	=	19,128.56	
Instructional Equipment						
reg. k-12 + Opt. 7-9	3,007	x	$64.25	=	193,191.64	
Career Technical	191	x	$99.75	=	19,051.92	FTE voc. ed. served
Sp. Ed.	524	x	$13.25	=	6,943.93	
Classroom-related Travel						
reg. k-12 + Opt. 7-9	3,007	x	$13.75	=	41,344.51	
Career Technical	191	x	$21.50	=	4,106.43	FTE voc. ed. served
Sp. Ed.	524	x	$17.25	=	9,040.21	
Exit Exams						
Academic grade 11	202	x	$35.75	=	7,227.56	
Career Technical grade 1	48	x	$11.25	=	537.18	
Career Technical Education Center Transportation						
see Work Sheet #1					16,426.00	
Technology						
Total ADM	3,198	x	$21.05	=	67,306.28	

Total Other Allocations	$2,125,437.89	--->	2,125,438
Total All Classroom Allocations			$2,870,272
State Percent for Classroom Components		x	85.11%
Total State Classroom Allocation			**$2,442,771**

Position Classification

Superintendent   1.00   max = one per county, split based on share of total ADM
Salary Allocation	x	$93,100	
County CDF	x	100.00%	
Total Salary Allocation		$93,100	------------> $93,100
Combined Social Security & Retirement Rates	x	16.70%	
Total Social Security & Retirement Allocation		$15,548	------------> 15,548

Technology Coord   3,198   ÷   6,400   1.0
Salary Allocation	$38,700	
County CDF	100.00%	
Total Salary Allocation	$38,700	------------> $38,700
Combined Social Security & Retirement Rates	16.70%	
Total Social Security & Retirement Allocation	$6,463	------------> 6,463

Total Superintendent and Technology Coord Positions		2.00	
Insurance Premium Amount	x	$6,652.59	
Total Ins. Allocation for Supt and Tech Coord.		$13,305	------------> 13,305

System Secretarial Support
(see Blue Book)		4.00	
Salary Allocation	x	$34,800	
County CDF	x	100.00%	
Total Salary Allocation		$139,200	------------> 139,200
Combined Social Security & Retirement Rates	x	18.17%	
Total Social Security & Retirement Allocation		$25,293	------------> 25,293

School Secretaries
(see Blue Book)		8.50	
Salary Allocation	x	$27,200	
County CDF	x	100.00%	
Total Salary Allocation		$231,200	------------> 231,200
Combined Social Security & Retirement Rates	x	18.17%	
Total Social Security & Retirement Allocation		$42,009	------------> 42,009

Custodians
calculated sq. footage 358,267.26 ÷ 22,376 =		16.00	from Work Sheet #2	
Salary Allocation	x	$20,800		
County CDF	x	100.00%		
Total Salary Allocation		$332,800	------------>	332,800
Combined Social Security & Retirement Rates	x	18.17%		
Total Social Security & Retirement Allocation		$60,470	------------>	60,470

Total Sys. and Sch. Support Positions		28.50	
Insurance Premium Amount	x	$4,435.06	
Total Ins. Allocation for Sys. and Sch. Support		$126,399	------------> 126,399

Total Allocation for Non-classroom Positions $1,124,486 ----> $1,124,486

Non-classroom Components (Cont'd)

Other Non-classroom Allocations

Non-instructional Equipment

Total ADM	3,198	x	$18.75	=	$59,960.07	------------>	59,960	

Pupil Transportation   1,064,359

Maintenance & Operations

calculated sq. footage   358,267.26   x $3.00   =   1,074,801.78   from Work Sheet #2

CDF & Benefits for Transportation and M&O Personnel

45% of Pupil Transportation		$478,961.34	
60% of M&O		644,881.07	
Total Allocation for Trans & M&O Personnel Salaries		$1,123,842.41	------------> 1,123,842
County CDF Adjustment	x	0.00%	
CDF Allocation for Trans & M&O Salaries		$0.00	------------> 0

Total Allocation for Trans & M&O Salaries w/CDF		$1,123,842.41
Combined Social Security & Retirement Rates	x	18.17%
Ret/FICA Allocation for Trans & M&O Personnel		$204,202.17 ------------> 204,202

Total Allocation for Trans & M&O Salaries w/CDF		$1,123,842.41
Non-classroom Ins. Prem. % of Salary	x	17.57% divide ins. prem. allocations by salary allocations
Insurance Allocation for Trans & M&O Personnel		$197,510.89 ------------> 197,511

Other Transportation and M&O

55% of Pupil Transportation	$585,397.20
40% of M&O	429,920.71
Total Allocation for Other Trans & M&O	$1,015,317.91 ------------> 1,015,318

Capital Outlay

(see Work Sheet #2)   2,034,881.58   ------------>   2,034,882

Total Other Non-classroom Allocations $4,635,715   ---->   4,635,715

Total All Non-classroom Allocations		$5,760,202
State Percent for Non-classroom Components	x	72.02%
Total State Non-classroom Allocation		**$4,148,511**

Total State Allocation   **$14,977,082**

Work Sheet #1: Career Technical Education Center Transportation

FTEADM transported		191
Average one-way miles to center	x	4
Unit Cost	x	$21.50
		16,426

Work Sheet #2: Capital Outlay

ADMs

Square Footage Requirement

k-4	1,266	x	100	=	126,600.52
5-8	974	x	110	=	107,116.63
9-12	958	x	130	=	124,550.11
Total Square Footage Requirement					358,267.26

Estimated Cost of Construction

k-4 sq. footage	126,601	x	$114.00	=	14,432,459.46		
5-8 sq. footage	107,117	x	$117.00	=	12,532,645.49		
9-12 sq. footage	124,550	x	$114.00	=	14,198,712.68		
Subtotal Estimated Cost of Construction					41,163,817.63	------------>	$41,163,818
Equipment Allocation Rate				x	10.0%		
					4,116,381.76	------------>	4,116,382
Subtotal Estimated Cost of Construction					41,163,817.63		
Architect's Fees				x	5.0%		
					2,058,190.88	------------>	2,058,191
Total Estimated Cost of Construction							$47,338,390

Estimated Annual Cost of Construction

Debt Service Period		@	20
Debt Service Rate		@	6.00%
Amortization Cost			$81,395,263
Life Expectancy		÷	40
Grand Total Capital Outlay Funding			$2,034,882

APPENDIX I

FISCAL CAPACITY MODEL COMPARISON

FISCAL CAPACITY

The original county-level fiscal capacity model was developed by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) and adopted by the State Board of Education to fulfill the requirement in the Education Improvement Act to equalize funding for the BEP. Since 2007 when BEP 2.0 was approved, a combination of two fiscal indices (TACIR and CBER) has been used, with each weighted at 50%.

TACIR MODEL

The purpose of the TACIR model is to ensure that the burden of funding schools is approximately equal across the state, given different local tax bases and other factors related to the ability to raise funds for education. The TACIR model estimates the per pupil amount that each county area can afford to pay to fund education.

The TACIR model is based on six components:

1. **Per Pupil Own-Source Revenue** – Amount of local money that the school systems in the county report that they spend on education, divided by enrollment (average daily membership).
2. **Per Pupil Equalized Property Assessment** – Total property assessment for the county area, equalized by the appropriate county appraisal-to-sales ratio, and then divided by ADM. This is a measure of the local ability to raise revenue.
3. **Per Pupil Taxable Sales** – Local sales tax base divided by ADM-measure of the local ability to raise revenue.
4. **Per Capita Income** – Per capita income is included in the fiscal capacity model as a proxy measurement for ability to pay for education; and for all other local revenue not accounted for by property or sales taxes.
5. **Tax Burden** – Ratio of total equalized residential and farm assessment in each county divided by the total equalized property assessment. This variable is intended as a proxy for a county's potential ability to export taxes. A high residential/farm ratio indicates a low ability to pass taxes on to non-residents.
6. **Service Burden** – Included as a reflection of spending needs. It equals average daily membership divided by county population. The greater the number of pupils per 100 residents, the greater the fiscal burden for each taxpayer.

The TACIR model uses multiple regression analysis to determine the fiscal capacity index. The model is based on a set of averages. The analysis takes one factor at a time and compares it for all counties. From this process, an average weight is calculated for each factor. The average weight is multiplied by the value of each factor for each county and summed. This produces a per pupil fiscal capacity amount.

The State Board and Department of Education use a percent of total measure of fiscal capacity rather than a per pupil measure. Once TACIR determines per pupil capacity for each county, this value is multiplied by average daily membership. This produces a county-wide measure of total fiscal capacity. The values of the 95 counties are summed, and each county is expressed as a proportion of the total. The fiscal capacity index for each county is this proportion.

The TACIR indices for each county are calculated annually by TACIR and reported to the State Department of Education in March each year.

CBER Model

The UT Center for Business and Economic Research (CBER) model was developed for BEP 2.0 in order to simplify the fiscal capacity methodology. The CBER model is intended to be less complex and more transparent than the TACIR model and to provide a reasonable relative measure of the fiscal capacity of counties.

Property taxes and sales taxes are the only two variables used in the CBER model. The CBER model applies uniform tax rates to a standard set of tax bases. Fiscal capacity is calculated by multiplying each county's sales tax and property tax base times the average tax rate for each tax base across the state. The tax rates are calculated as the average use of each base by local governments for education.

The most recent average tax rates used for the FY 12 BEP are 1.1583% for property tax and 1.5570% for sales tax. The CBER fiscal capacity indices for each county are calculated annually by CBER and reported to the State Department of Education by May of each year.

FORMULA: (Equalized Assessed Property plus IDBs (3 year average) Multiplied by Average State Property Tax Rate for Education) Plus (Sales Tax Base (3 year average) Multiplied by Average State Sales Tax Rate for Education) Divided by State Total

Volunteer County

Equalized Assessed Property plus IDBs (3 year average) $19,130,924,199

Sales Tax Base (3 year average) $10,702,878,267

= ($19,130,924,199 x 1.1583%) + ($10,702,878,267 x 1.5570%

= $221,593,495   + $166,643,815

= $388,237,310

= $388,237,310 / $2,754,000,000 (state total)

=   14.10% (CBER Fiscal Capacity Index)